

ASEAN Perspectives

FDI: Keep calm and carry on

- ◆ Despite the subdued near-term trade outlook, ASEAN keeps attracting FDI, reaching a record global share of almost 17%
- ◆ Many of the investments have been pouring into the region's growing tech and EV supply chains, as well as finance
- ◆ Chinese investors have been accelerating their FDI footprint in ASEAN's manufacturing and well-diversified sub-sectors

Bucking the trend. While the prospects for global trade look gloomy, foreign direct investment (FDI) has been pouring into ASEAN. The region's global FDI share took off after the 2008 Global Financial Crisis and accelerated amid recent US-China trade tensions. ASEAN attracted a record high of almost 17% of global FDI in 2022, nearly double from four years ago. This achievement is a clear reflection of ASEAN's strong fundamentals, favourable demographics, and competitive supply chains.

One big winner... and two favoured sectors. That said, it is key to note that not everyone benefits to the same extent. Over 65% of the region's FDI has poured into **Singapore**, equivalent to as much as 25% of its GDP on average. But this is in part due to its strategic position as a key financial centre. **Malaysia** and **Vietnam** have gained substantial FDI. As an example, new FDI into Vietnam's manufacturing sector so far this year is already more than in each of the past three years. **Indonesia's** FDI has not yet picked up notably, but its industrial transformation is gathering investor attention. **Thailand** has been racing to attract quality FDI, whereas **the Philippines**, though it may not be the first choice for some investors, has also enacted reforms to increase its attractiveness.

There are two obvious supply chains benefitting the most: the **tech** industry and electronic vehicles (**EV**). **Singapore, Malaysia** and **Vietnam** are three outperformers in the former, while **Indonesia** and **Thailand** are key beneficiaries in the latter. To see the power of FDI, Malaysia now has a 45% global market share in a semiconductor subsector. Outside of manufacturing, ASEAN's financial services have gained momentum, but this is mostly geared to **Singapore**.

The emergence of Chinese investors. Traditionally, ASEAN has a well-diversified pool of investors, with FDI pouring into the manufacturing sector, its backbone sector, particularly from the US, intra-ASEAN, Korea, and Japan. That said, China has been catching up quickly in recent years, investing heavily in sectors that each economy has a comparative advantage. This includes **consumer electronics** in Vietnam, the **EV** supply chain in Indonesia and Thailand as well as Singapore's **pharmaceutical** sector. In addition to manufacturing, Chinese investors have also quickly flocked to ASEAN's fast expanding consumer market.

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Shaping the future

Nine key themes to guide your outlook

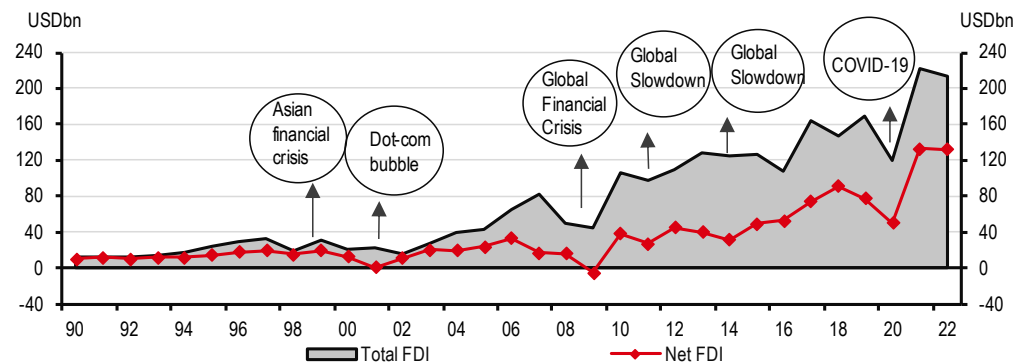
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Chart 1. ASEAN's total FDI and net FDI have risen significantly after the GFC


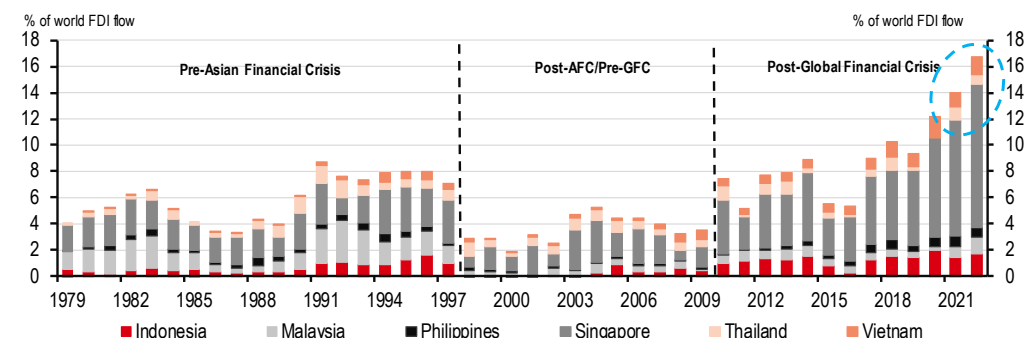
Source: CEIC, HSBC. GFC – Global Financial Crisis

Let the FDI boom continue

It's a long story

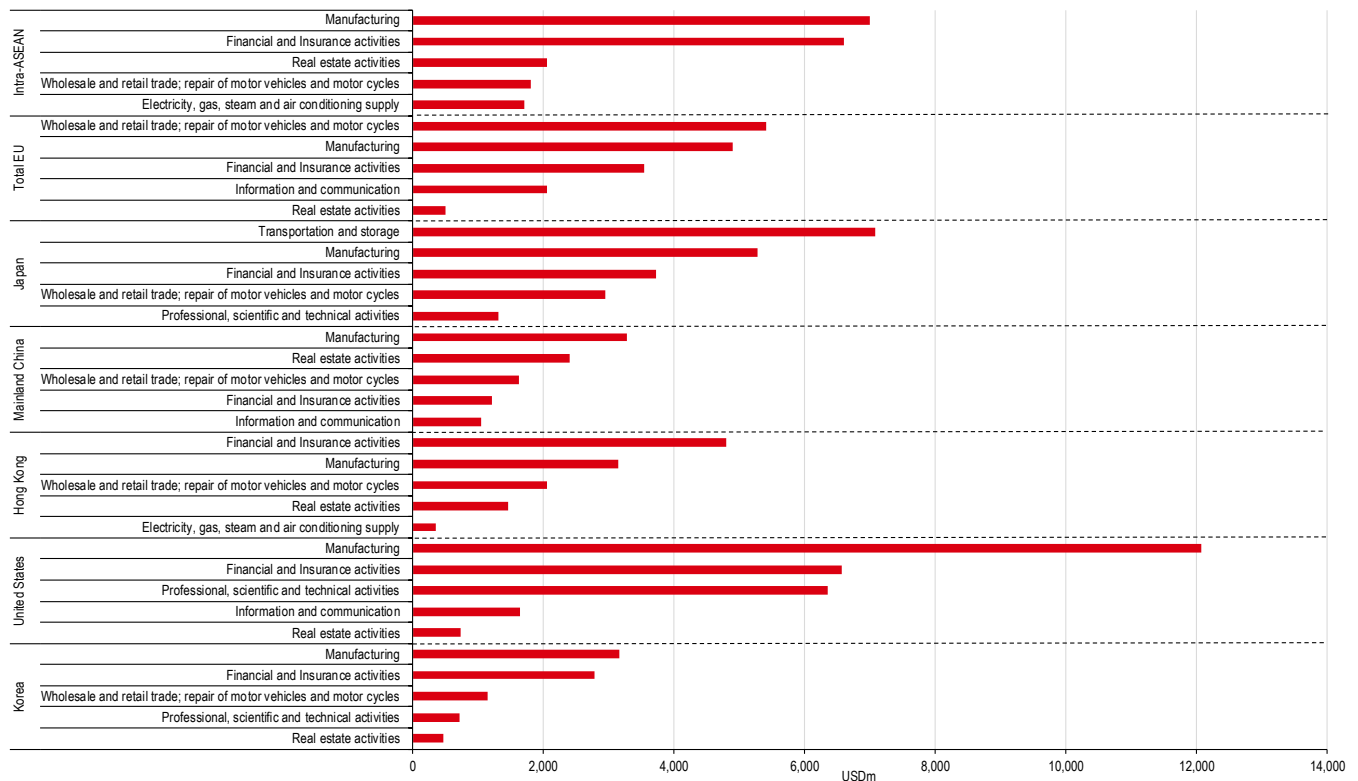
Since the aftermath of COVID-19, global trade has been suffering from multiple headwinds. A structural shift, with consumers increasingly shifting to services instead of goods, and elevated inflation have squeezed Western wallets weighing heavily on ASEAN exporters. That said, FDI, which reflects investors' confidence in one economy's long-term prospects, remains one of the few bright spots in the region. Despite near-term trade downturn, consistent FDI boom will be crucial for the region to climb up the value chain and solidify its significance in global trade.

Over the past 30 years, ASEAN has seen a bounty of FDI, thanks to the region's enormous growth potential, rising cost effectiveness, countless trade agreements and ongoing structural transformation, to name a few. While the Asian Financial Crisis (AFC) dampened ASEAN's investment climate, the Global Financial Crisis (GFC) in 2008-09 was a significant catalyst to the region's FDI boom, as multinational companies searched for investment opportunities in fast-growing and cost-competitive economies. Total FDI to ASEAN-6 has averaged nearly USD128bn per year during 2010-19, approximately 3x more than the average over the previous decade. Similarly, net FDI averaged nearly USD53bn per annum in the same period, almost 4x the average from the previous decade (Chart 1). In particular, the trend has intensified in the post-COVID-19 era. Total FDI surprisingly rose 45% to around USD185bn on average, with net FDI doubling to USD105bn in a short span period of 2020-22.

Chart 2. FDI inflows into ASEAN have jumped to a record high


Source: UNCTAD, HSBC; NB: AFC – Asian Financial Crisis, GFC – Global Financial Crisis

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Chart 3. Average FDI flows to ASEAN in the past five years (2018-22), by sector


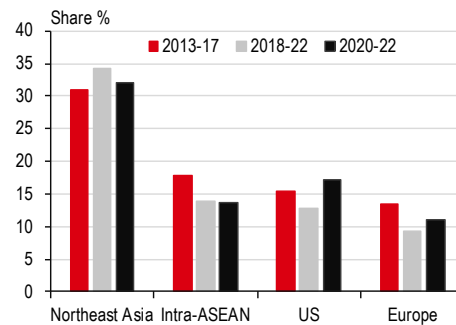
Source: ASEAN Stats, HSBC

Indeed, the share of FDI into ASEAN-6 is a clear reflection of this trend. While ASEAN-6 attracted no more than 6% of the world's FDI after the AFC, FDI has poured back into the region more substantially after the GFC, jumping to around 8% (except 2011 and 2015-16). In particular, FDI has seen new record highs since the start of the global pandemic. In 2022, ASEAN-6 attracted almost 17% of world's FDI, a historical high that indicates the increasing significance of ASEAN among investors (Chart 2). The timing is also not a coincidence. After all, the US-China trade tensions have prompted investors to accelerate supply chain relocations to elsewhere, which ASEAN given its proximity and improving fundamentals, have naturally emerged as an alternative destination.

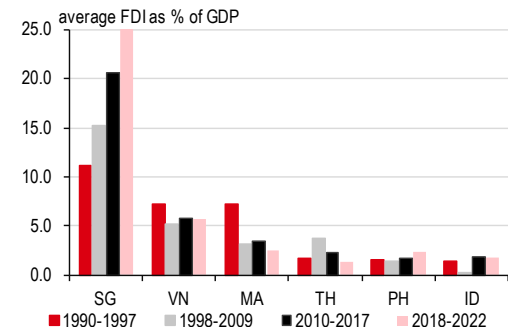
That said, it is key to note that much of the flows since the GFC have predominantly gone to Singapore, who alone attracted almost 11% of world's FDI in 2022. As a regional financial centre, the size of Singapore's inflows is not necessarily comparable to that of other economies. We will delve into details about country specifics later in the report.

Who invests in where?

Who are investing in ASEAN, and where are they eyeing at? This answer to this question is reflection of ASEAN's growth opportunities. ASEAN has seen a well-diversified pool of investors, as they have received investments from the US, the EU and Asia in different sectors. Northeast Asia as a bloc has traditionally accounted for a third of ASEAN's FDI inflows, but intra-ASEAN investments have long been the top FDI provider if we dissect Northeast Asia by economy (Chart 4). Indeed, this is a strong reflection of increasing economic integration among ASEAN member states over the years, as many who have industrialised earlier (e.g., Singapore, Malaysia and Thailand) have been pouring their investments into later movers with growth potential, including Vietnam and Indonesia.

Chart 4. Share of ASEAN's FDI sources by different years (average)


Source: ASEAN Stats, HSBC

Chart 5. Singapore has long been the leading FDI recipient in ASEAN


Source: ASEAN Stats, IMF, HSBC

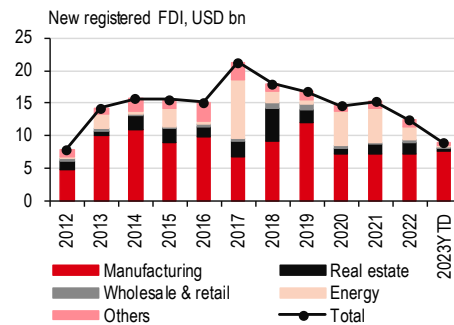
While ASEAN's FDI share by source has remained steady, the emergence of the US as a key provider is nonetheless hard to miss. In the past three years, the US, with a 17% share, has replaced intra-ASEAN (14%) to be the region's largest FDI provider, though by a small margin. The interesting shift reflects the supply chain relocations by US investors since the US-China trade tensions, and while it was temporarily disrupted by the pandemic, it has swiftly resumed and surged to a record high level.

Indeed, the US has been the dominating investor in ASEAN's manufacturing and financial sectors, with each area taking an almost 30% share in FDI. Its advantage is more evident in the former, ASEAN's backbone of foreign investment. The US has poured in an average of USD12bn over the past five years, equivalent to the sum of FDI from the EU and ASEAN (Chart 3). That said, a large part of US FDI has flown into advanced manufacturing, such as high-end semiconductor production in Singapore and Malaysia. Meanwhile, Singapore also captures the region's lion's share of FDI into financial activities. Unsurprisingly, as indicated above, Singapore takes up 65% of the region's FDI share.

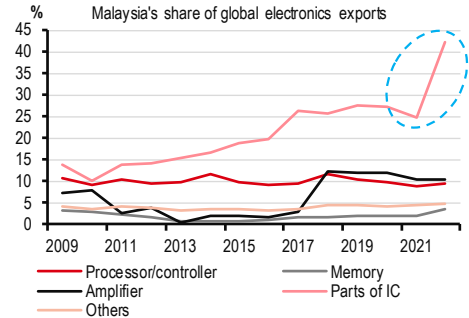
In addition to the US, ASEAN investors also keep their eyes on these two key pillars. But interestingly, European FDI is more geared towards 'wholesale, retail and repairs of motor vehicles' while Japanese investors are more concentrated in 'transport and storage'. Manufacturing comes second in terms of FDI in each of these markets. On the other hand, Chinese investors, who traditionally invested heavily in ASEAN's real estate, has been catching up quickly to invest in ASEAN's fast-growing manufacturing sector. We will discuss China's FDI in details later.

Who benefits from what?

Although ASEAN overall has emerged as a sweet spot for investment, it is an uneven picture. As mentioned above, **Singapore** has long been leading the region with its significantly disproportional FDI inflows, reaching an average of 25% of GDP in the past five years (Chart 5). Aside from Singapore's favourable business climate, this is also due to its unique position as the world's financial centre. Elsewhere, **Vietnam** and **Malaysia** have stood out as main beneficiaries since the start of US-China trade tensions. A large part of the story is thanks to their increasingly important positions along the **global tech supply chain**, as tech giants have been seeking to diversify their presence. On the other hand, **Thailand**, who is an overseas direct investment (ODI) provider in ASEAN, has been facing diminishing attractiveness for FDI. **Indonesia and the Philippines**, the two countries which altogether account for over half of the region's population, have been lagging peers. That said, this might be changing for some of them, as the **EV supply chain** has brought new opportunities in recent years.

Chart 6. Vietnam continues to see new FDI pouring into its manufacturing sector


Source: CEIC, HSBC

Chart 7. Malaysia has gained substantial market share in certain semiconductors


Source: ITC, HSBC

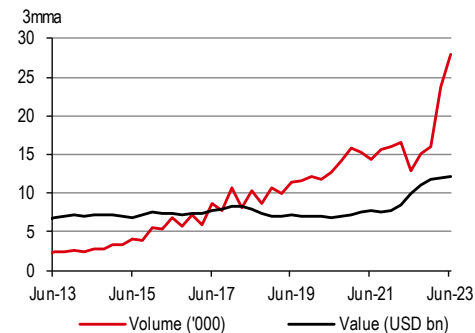
Singapore. Defying global uncertainty, Singapore continues to attract world-class investment commitments, reaching a record high of USD17bn in 2022. Around a quarter has poured into its leading financial services while close to 80% of FDI is concentrated in its electronics industry. In fact, despite its sheer size, Singapore has long benefitted from well-diversified, capital-intensive and high-end manufacturing, encompassing advanced chips, pharmaceuticals and precision machinery. Indeed, advanced manufacturing is a priority for the government, as it strives to push Singapore's manufacturing growth by 50%, from a high base, by 2030.

Vietnam. When thinking of FDI and the benefits it can deliver, Vietnam naturally stands out. Since Vietnam's *Doi Moi* reforms in 1986, the country has received substantial FDI inflows, turning itself into a rising star in the global manufacturing supply chain. While much of the investment initially entered the lower value-add textile and footwear space, Vietnam has quickly climbed up the value chain, growing into a key hub for electronics assembly. Much of the success in tech is thanks to Samsung's multi-year FDI roadmap in Vietnam: with an investment of USD18bn over the last two decades, half of Samsung's global smartphone production is from Vietnam. This has also incentivised other tech giants, particularly Apple, to expand their operations (see: [Vietnam at a glance: Uninterrupted tech interests](#), 8 February 2021).

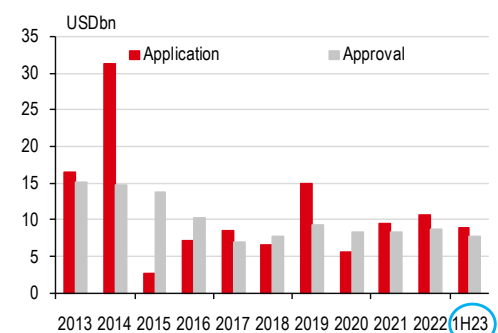
Despite severe trade challenges, Vietnam continues to be on the frontline to absorb quality FDI. Greenfield FDI rose 40% y-o-y in the first eight months of 2023, with manufacturing alone accounting for 85% of new FDI (Chart 6). In particular, new FDI into manufacturing YTD has surprisingly exceeded those for the whole year in each of the past three years. Despite a trade downturn, the trend provides hopes for Vietnam to see a strong rebound when the cycle turns.

Malaysia. The other notable beneficiary is Malaysia, whose semiconductor industry remains at the heart of Malaysia's manufacturing might. Alas, its tech production remains labour-intensive compared to advanced players like Korea, Taiwan, and Singapore. However, it has gained substantial market share in certain semiconductors over the years, thanks to consistent tech inflows, mostly from the US and Europe. This is most evidently reflected in parts of the integrated circuits (IC) subsector, with a surprising spike in its market share, approaching 45% in just a year's time (Chart 7). Each of processor chip and amplifier chip also accounts for 10% of the world's share. Indeed, a continued attraction of high-quality FDI is one of PM Anwar's priorities, a key to revive Malaysia's manufacturing sector, as outlined in an ambitious 10-year economic plan (see: [Decoding Malaysia's 10-year economic roadmap](#), 17 August).

But Malaysia has more than just electronics. Investors are not only interested in its traditional energy space (e.g. oil and gas), but increasingly so in its renewable energy, given the importance of energy transition. Risen Energy, China's solar energy firm, announced its first facility investment in ASEAN at the end of 2021, with a plan to pour more than USD10bn over 15 years, to manufacture high-efficiency photovoltaic modules.

Chart 8. Indonesia's realised foreign investment has risen quickly


Source: CEIC, HSBC

Chart 9. Thailand's FDI has picked up momentum in 2023


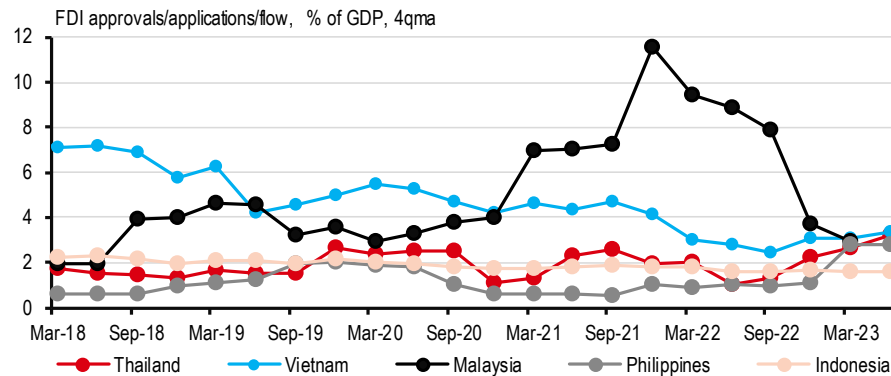
Source: CEIC, HSBC

Indonesia. Those looking closely at the economic developments in Indonesia may complain that some parts of the economy look weak. FDI inflows seem to be stuck at USD21bn per year over the last few years. However, we are not too worried. The country has just come out of the pandemic shock, and it will take time for all the different parts to revive. FDI inflows may seem unchanged in USD terms, but Indonesia is gaining market share in global FDI. Another indicator of foreign inflows – realised foreign investment – has risen quickly, and that too, in the more value-added sectors (Chart 8). In the last five years, over USD30bn (0.9% of GDP) of foreign investment in metals and metal goods production has already been realised, and China has played an important role in the rise of Indonesia's processed metals exports. Based on our estimates, an additional USD30bn of investment intentions in processed metals over the next five years can raise Indonesia's growth potential by 2028 (see: [Indonesia: Proving its mettle](#), 22 May).

Thailand. With an ageing population and rising domestic labour costs, Thailand has found it difficult to attract FDI over the past decade. However, this is not to say that Thailand isn't throwing its punches. Authorities are trying to reinvigorate FDI flows via the Eastern Economic Corridor (EEC), a special economic zone that encompasses three provinces, with an aim to develop its S-curve industries – industries with intensive innovation and technology – particularly high-value-added activities such as cars, smart electronics, as well as medical and wellness tourism. In particular, the authorities have been pushing for their campaigns to develop Thailand's EV industry. Known as the "Detroit of Asia" back in 1990-2000s, as automobile-related FDI flooded into Thailand from Japan, Thai authorities intend to capitalise on its comparative advantage in car production and transition to making EVs. For example, Thailand has laid out generous incentives for EV manufacturers, such as a THB24bn (USD0.7bn) subsidy scheme for battery producers, as well as a 40% duty cut for imported EVs and THB70-150k discounts for buyers. As a result, this has reaped some fruits, with FDI momentum picking up fast in 1H23 alone (Chart 9).

Philippines. Although not necessarily the first choice for investors in ASEAN, the Philippines is in the middle of the pack to attract FDI, measured as a % of GDP. Much of the FDI flows bank on the economy's favourable demographics. The archipelago is currently in the midst of a demographic dividend, with a median age of just 25 years old. This suggests that consumer demand will likely be more robust in the next five years or so, in turn attracting a good number of consumer brands. The authorities have also enacted big-ticket reforms to attract FDI in key infrastructure and public services. In 2022, the Marcos administration reformed the Public Service Act, which now allows 100% foreign ownership for railways, airports, expressways, and telecommunications. Legislators are also working to amend the PPP law to streamline the process. Last but not the least, the government clarified last 4Q that foreigners are allowed to hold full ownership in renewable energy projects. All these reforms point to future dividends.

Chart 10. Vietnam and Malaysia continue to top the region with FDI attraction, but Thailand and the Philippines are also catching up



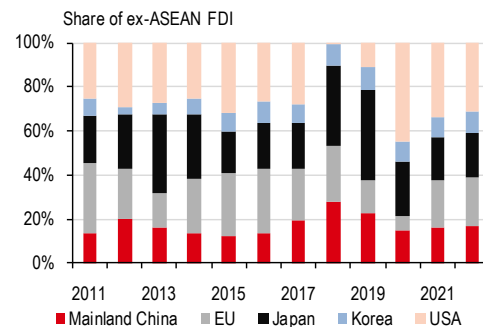
Source: CEIC, HSBC; Malaysia's data is as of 1Q23

Attracting FDI therefore remains a mixed picture for ASEAN. Aside from Singapore, **Vietnam** and **Malaysia**, with their favourable positions in the global tech supply chain, continue to be the outperformers, with FDI approvals hovering around 3% of their respective GDP (Chart 10). This points to green shoots for manufacturing, though the recovery pace in the current trade cycle appears to be a gradual one. **Thailand**, after years of subdued inward investments, appears to be catching up, given its advantage in the auto industry that can be applied in the emerging EV supply chain. **Indonesia** has a positive structural story in the EV supply chain, though FDI has not yet picked up meaningfully while the **Philippines** is also seeing positive momentum in overseas investments. We highlight some key FDI projects below in Table 1.

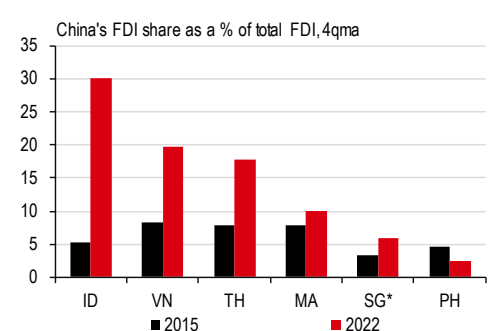
Table 1. Key recent projects in ASEAN

Destination	Origin	Company/ Project	Year	Sector	Amount (USDbn)
Indonesia	South Korea	LG Energy Solution	2020	EV supply chain	9.8
Indonesia	Taiwan	Foxconn	2022	EV and batteries	8.0
Indonesia	Mainland China	CATL	2022	EV battery integration	6.0
Indonesia	USA	Ford Motor Co	2023	Nickel processing plant	4.5
Malaysia	USA	Intel Corp.	2021	Semiconductors	7.1
Malaysia	Mainland China	Risen Energy	2021	Photovoltaic cells	10.1
Malaysia	Austria	AT&S	2021	Printed circuit board	2.1
Malaysia	South Korea	Samsung SDI	2022	EV batteries	1.3
Malaysia	USA	AWS	2023	Data services	7.7
Singapore	USA	GlobalFoundries	2021	Semiconductor chips	4.0
Singapore	Taiwan	UMC	2022	Wafer fabrication	5.0
Singapore	Mainland China	WuXi Biologics	2022	Biomedical	1.4
Thailand	Mainland China	Great Wall Motor	2020	EV, Hybrid cars	0.7
Thailand	Mainland China	BYD	2022, 2023	EV	0.6
Thailand	USA	AWS	2022	Cloud computing, data services	5.0
Vietnam	Mainland China	Sunny Optical	2023	Optical production complex	2.5
Vietnam	Japan	Sharp	2022	Camera module	2.0
Vietnam	South Korea	Samsung	2020, 2022	Semiconductor components, consumer electronics, R&D	6.4
Vietnam	South Korea	LG	2022	Smartphones	4.0
Philippines	Germany	WPD	2023	Wind-farm project	6.9
Philippines	Mainland China	Baowu	2022	Steel	2.0

Source: News, HSBC

Chart 11. China has become a fast-growing FDI provider to ASEAN...


Source: ASEAN Stats, HSBC estimates; NB: We assume 30% of FDI flows from HK is attributable to mainland Chinese firms; data is average of two adjacent years

Chart 12. ... with its FDI share increasing across the region


Source: CEIC, HSBC; NB: SG's latest data is as of 2021

The significance of Chinese investors

Traditionally, intra-ASEAN, the US and the EU have been early movers of investing in ASEAN. In the manufacturing space, ASEAN's backbone of FDI, has seen heavy influence from Japanese and Korea investors. The former has turned Thailand into a regional hub for automobiles, and the latter has transformed Vietnam into an emerging centre for consumer electronics. China, compared to others, is no doubt a later comer. That said, China has been expanding its investment footprint to ASEAN and catching up with peers swiftly (Chart 11). While the US and the EU remain two sizeable investors, they are largely important sources for the financial sector and manufacturing, typically geared towards advanced manufacturing.

On the other hand, China, who used to concentrate its investment in the property sector, has been ramping up great efforts in investing in ASEAN's manufacturing sector. If we look at manufacturing, Indonesia, Vietnam and Thailand have seen a sharp jump in China's FDI share (Chart 12). From Table 1, it is obvious to note that Chinese investment varies by the comparative advantage in different ASEAN economies.

In **Indonesia**, Chinese investment, including its leading EV battery maker CATL and stainless steel manufacturer Tsingshan, has been key in facilitating its nickel smelter boom, a key input for producing EV batteries. That said, Indonesia is not the only candidate for China's FDI along the EV supply chain. China's top EV producers, BYD, Great Wall Motor (GWM) and SAIC, all have set up production lines in **Thailand**, given its strategic position in the automobile supply chain and generous subsidies.

Elsewhere, **Malaysia** is also competing in the EV manufacturing space. Not only has it attracted three Chinese investors, BYD, Great Wall Motor and Chery this year alone, Tesla has also recently picked Malaysia to be its destination for production expansions. Meanwhile, China's investment also extends to Malaysia's growing solar sector, with Risen Energy announcing its first facility investment in Southeast Asia worth over USD10bn in the next 15 years. In the case of **Vietnam**, mainland Chinese investors are also eyeing its consumer electronics industry, with two of Apple's three major suppliers pouring investments in Vietnam to expand capacity.

While China is not a dominant FDI provider in **Singapore**, investors have also made a move in its strategic high value-added pharmaceutical sector. The only exception is the **Philippines**, where Chinese FDI is almost negligible.

All in all, the race for FDI has started, and the clock is ticking. Despite a near-term subdued trade outlook, consistent FDI inflows should help ASEAN to continue climbing up the value chain and solidifying their significance in global trade.

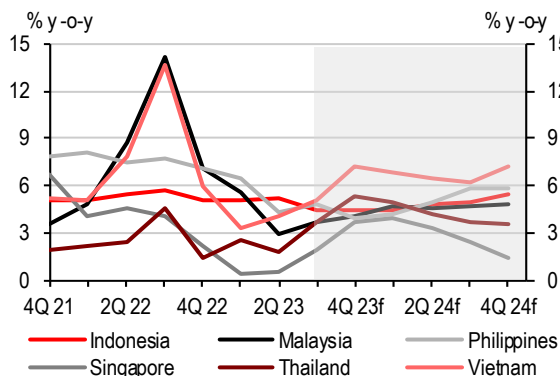
A snapshot of ASEAN data

ASEAN-6 macro-economic framework (quarterly)

	4Q 22	1Q 23	2Q 23	3Q 23f	4Q 23f	1Q 24f	2Q 24f	3Q 24f	4Q 24f
GDP, % y-o-y									
Indonesia	5.0	5.0	5.2	4.5	4.5	4.5	4.8	5.0	5.5
Malaysia	7.1	5.6	2.9	3.7	4.1	4.7	4.6	4.7	4.8
Philippines	7.1	6.4	4.3	4.8	3.9	4.2	5.0	5.8	5.8
Singapore	2.1	0.4	0.5	1.9	3.6	3.9	3.3	2.4	1.4
Thailand	1.4	2.6	1.8	3.6	5.3	4.9	4.1	3.7	3.5
Vietnam	5.9	3.3	4.1	5.1	7.3	6.9	6.5	6.2	7.3
ASEAN-5	5.0	4.6	4.0	4.3	4.9	4.8	4.9	5.0	5.3
ASEAN-6	4.6	4.1	3.5	4.0	4.7	4.7	4.7	4.6	4.8
CPI, % y-o-y, average									
Indonesia	5.5	5.2	4.0	3.2	3.0	3.1	3.1	3.1	2.9
Malaysia	3.9	3.6	2.8	2.6	2.8	2.7	2.6	2.5	2.3
Philippines	7.9	8.3	6.0	4.7	3.3	2.7	3.7	3.9	4.0
Singapore	6.6	6.1	5.1	4.1	4.0	3.4	2.4	2.2	2.0
Thailand	5.8	3.9	1.1	1.0	1.3	1.5	2.7	2.3	1.8
Vietnam	4.4	4.2	2.4	1.9	2.0	1.8	2.7	2.8	3.0
ASEAN-5	5.6	5.0	3.3	2.7	2.5	2.5	3.0	2.9	2.8
ASEAN-6	5.7	5.2	3.6	2.9	2.7	2.6	2.9	2.8	2.7
Exchange rate vs. USD									
Indonesia	15,568	14,995	15,066	15,000	14,800	14,700	14,600	14,600	14,600
Malaysia	4.40	4.42	4.67	4.55	4.50	4.45	4.40	4.40	4.40
Philippines	55.7	54.4	55.2	55.0	54.5	54.0	53.5	53.5	53.5
Singapore	1.34	1.33	1.35	1.33	1.31	1.30	1.29	1.29	1.29
Thailand	34.6	34.1	35.3	34.0	33.0	32.5	32.0	32.0	32.0
Vietnam	23,633	23,471	23,583	23,450	23,350	23,250	23,150	23,150	23,150

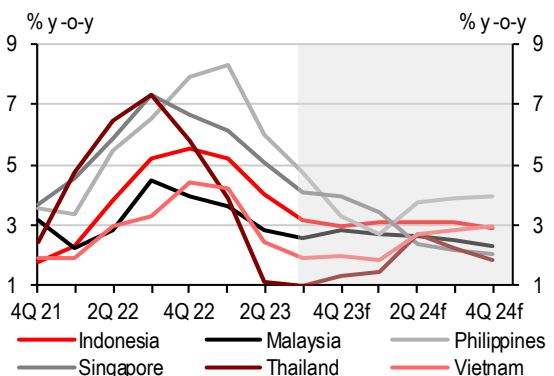
Source: CEIC, HSBC forecasts. 3Q24 and 4Q24 FX numbers are assumptions and not forecasts.

Growth has peaked in the region



Source: CEIC, HSBC forecasts

Inflation is easing in all ASEAN economies



Source: CEIC, HSBC forecasts

HSBC policy rate forecasts

	Current	Last Move/Date	Next MPC	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23f	4Q23f	1Q24f	2Q24f	3Q24f	4Q24f
Indonesia	5.75	+25bp (Jan-2023)	21-Sep	3.50	3.50	4.25	5.50	5.75	5.75	5.75	5.50	5.25	4.75	4.75	4.75
Malaysia	3.00	+25bp (May-2023)	7-Sep	1.75	2.00	2.50	2.75	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Philippines	6.25	+25bp (Mar-2023)	21-Sep	2.00	2.50	4.25	5.50	6.25	6.25	6.25	6.25	6.25	6.25	6.00	5.75
Thailand	2.25	+25bp (Aug-2023)	27-Sep	0.50	0.50	1.00	1.25	1.75	2.00	2.25	2.25	2.25	2.25	2.25	2.25
Vietnam	4.50	-50bp (Jun-2023)	n/a	4.00	4.00	5.00	6.00	6.00	4.50	4.00	4.00	4.00	4.00	4.00	4.00
Slope				April		October		April		October		April		October	
Singapore	1.50	No change	October	Slope increase		No change		No change		No change		Slope decrease		No change	

Source: Bloomberg, CEIC, HSBC forecasts; NB: Singapore monetary policy is conducted through a managed exchange rate system. The three possible monetary policy options are a change of the slope, the width of the band, and the level at which the midpoint is centred.

ASEAN-6 macro-economic framework (annual)

	2018	2019	2020	2021	2022	2023f	2024f
GDP growth (% y-o-y)							
Indonesia	5.2	5.0	-2.1	3.7	5.3	4.6	5.0
Malaysia	4.8	4.4	-5.5	3.3	8.7	4.3	4.7
Philippines	6.3	6.1	-9.5	5.7	7.6	4.8	5.2
Singapore	3.6	1.3	-3.9	8.9	3.6	1.8	2.7
Thailand	4.2	2.1	-6.1	1.5	2.6	3.7	4.1
Vietnam	7.5	7.4	2.9	2.6	8.0	5.0	6.7
ASEAN-6	5.2	4.4	-3.8	4.0	5.6	4.1	4.7
CPI, average (% y-o-y)							
Indonesia	3.3	2.8	2.0	1.6	4.2	3.9	3.0
Malaysia	1.0	0.7	-1.1	2.5	3.3	3.0	2.5
Philippines	5.2	2.4	2.4	3.9	5.8	5.5	3.6
Singapore	0.4	0.6	-0.2	2.3	6.1	4.9	2.5
Thailand	1.1	0.7	-0.8	1.2	6.1	1.8	2.1
Vietnam	3.5	2.8	3.2	1.8	3.2	2.6	2.6
ASEAN-6	2.5	1.9	1.1	2.0	4.7	3.6	2.8
Current account balance (% of GDP)							
Indonesia	-2.9	-2.7	-0.4	0.3	1.0	-0.4	-0.6
Malaysia	2.2	3.5	4.2	3.9	3.1	1.9	2.9
Philippines	-2.6	-0.8	3.2	-1.5	-4.4	-3.6	-3.2
Singapore	15.7	16.2	16.5	18.0	19.3	18.5	19.6
Thailand	5.6	7.0	4.2	-2.1	-3.5	2.0	2.2
Vietnam	1.9	3.7	4.4	-2.1	-0.3	3.8	4.5
ASEAN-6	2.0	2.9	3.9	2.0	1.9	2.6	3.0
Policy rates							
Indonesia	6.00	5.00	3.75	3.50	5.50	5.50	4.75
Malaysia	3.25	3.00	1.75	1.75	2.75	3.00	3.00
Philippines	4.75	4.00	2.00	2.00	5.50	6.25	5.75
Singapore	1.00	0.50	0.00	0.50	1.50	1.50	1.00
Thailand	1.75	1.25	0.50	0.50	1.25	2.25	2.25
Vietnam	6.25	6.00	4.00	4.00	6.00	4.00	4.00

Source: CEIC, HSBC forecasts

Summary of ASEAN Manufacturing PMI

	Headline PMI			New Export Orders			Employment		
	Jul-23	Jun-23	May-23	Jul-23	Jun-23	May-23	Jul-23	Jun-23	May-23
Indonesia	53.3	52.5	50.3						
Malaysia	47.8	47.7	47.8						
Philippines	51.9	50.9	52.2						
Singapore	49.8	49.7	49.5						
Thailand	50.7	53.2	58.2						
Vietnam	48.7	46.2	45.3						
ASEAN	50.8	51.0	51.1						

expanding and stronger	expanding and weaker	contracting but improving	contracting and weaker
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Source: S&P Global, HSBC; NB: Last available data per country

Fiscal and debt monitor

	Budget balance (Local currency bn)			Budget balance (% of GDP)			Public Debt (% of GDP)		
	2022	2023f	2024f	2022	2023f	2024f	2022	2023f	2024f
Indonesia	-732,200	-598,151	-604,928	-2.4	-2.5	-2.5	37.2	36.1	34.4
Malaysia	-107	-95	-85	-5.5	-5.0	-4.1	69.9	67.2	65.6
Philippines	-1,614	-1,524	-1,292	-7.3	-6.3	-4.9	62.8	63.3	61.8
Singapore	-13	-8	0	-2.5	-1.1	0.1	167.8	186.2	216.6
Thailand	-655	-675	-797	-3.8	-3.7	-4.4	60.5	62.0	63.0
Vietnam	-304,091	-317,992	-351,220	-4.4	-3.8	-3.6	44.6	46.9	48.0

Source: CEIC, HSBC forecasts

Disclosure appendix

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