

ASIA, AUSTRALIA AND NEW ZEALAND

PRESENTATION TO THE INTERNATIONAL CONFERENCE OF
COMMERCIAL BANK ECONOMISTS (ICCBE)

DUBLIN, IRELAND
9TH JULY 2025

SAUL ESLAKE

CORINNA ECONOMIC ADVISORY
INDEPENDENT ECONOMICS

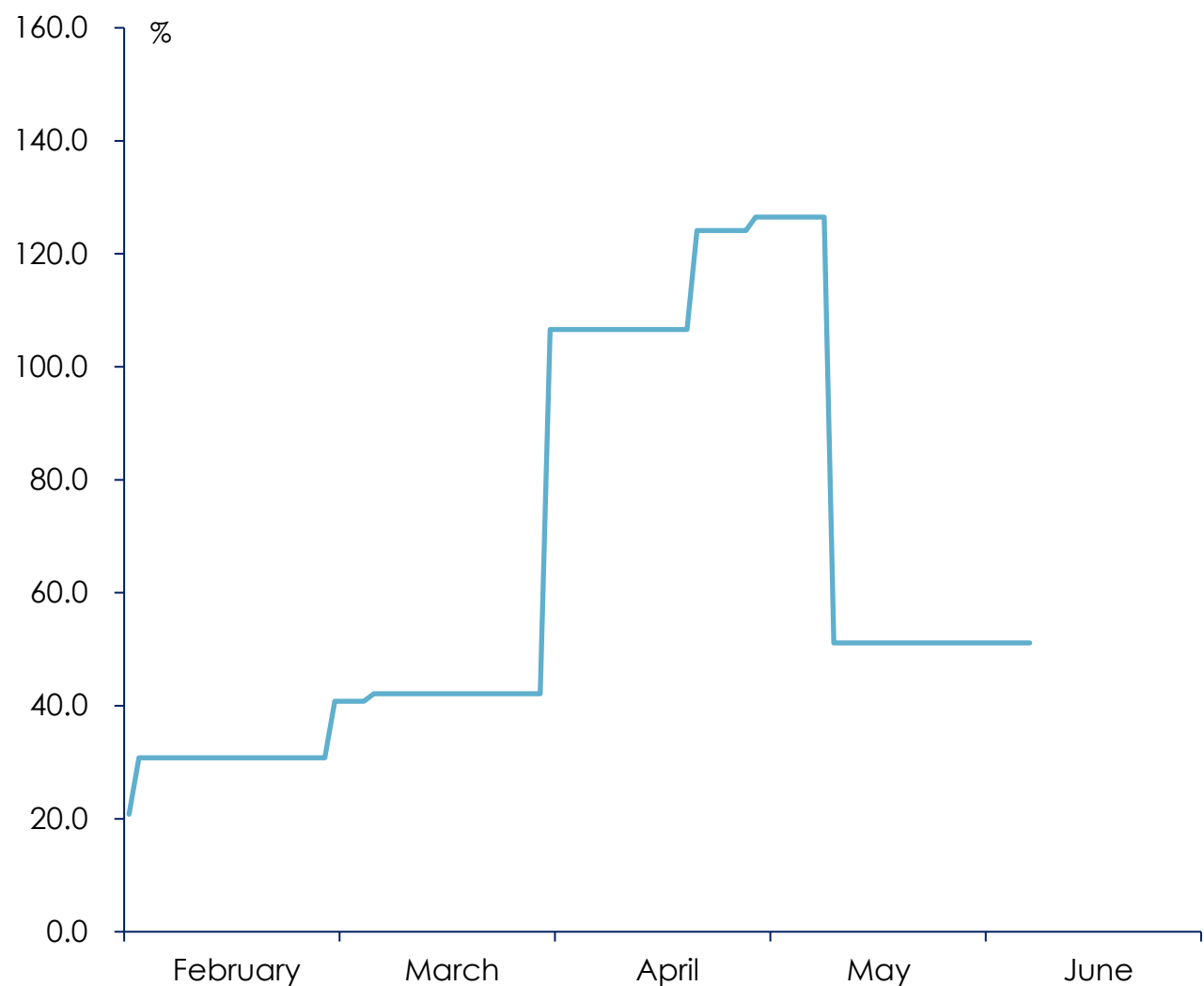
Asian countries have been particularly targeted with ‘reciprocal’ and other US tariffs

Country	Most recently announced US tariffs	Bilateral balance with US, 2024 (US\$bn)
China	35%	+295.2
Japan	26%	+68.7
Korea	25%	+66.2
Taiwan	32%*	+73.7
Singapore	10%*	-3.0
Indonesia	32%	+17.9
Philippines	17%*	+4.9
Thailand	36%	+45.6
Malaysia	25%	+25.0
Vietnam	20% (40% on ‘transshipped’ goods)	+123.5
Cambodia	36%	+12.3
India	26%*	+45.6
Australia	10%*	-17.9

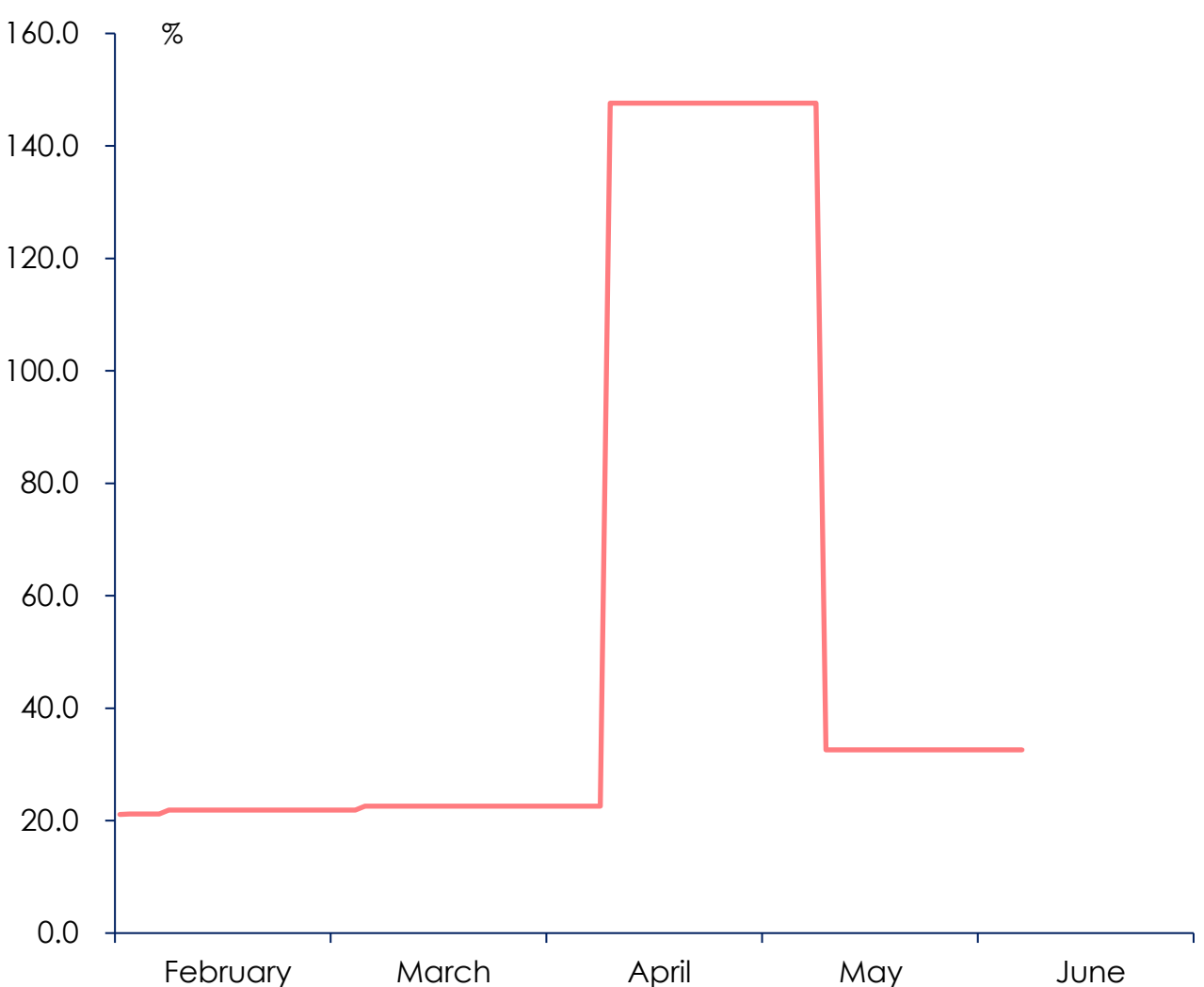
Note: * Yet to be confirmed as at 8th July 2025. Sources: Jeff Mason, Bart H Meijer & David Brunnstrom, “Japan, South Korea face 25% tariffs as Trump ramps up trade war in letters to 14 countries”, [Reuters](#), 8th July 2025; US Census Bureau, [US Trade in Goods by Country](#) (data are on a balance of payments basis).

US and Chinese bilateral tariffs have been on a roller-coaster ride over the past four months – who knows where they will end up or for how long?

US tariffs on imports from China



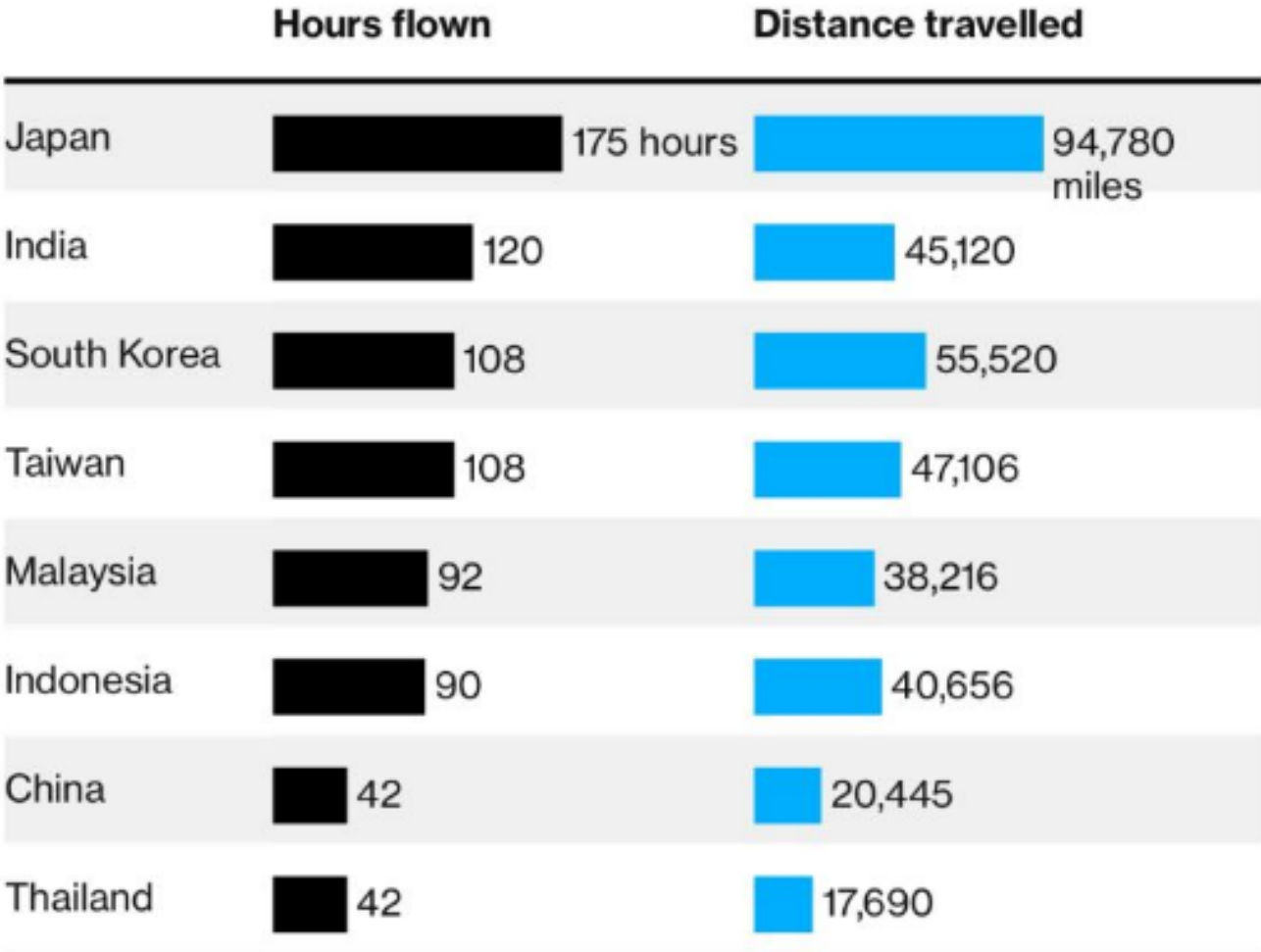
Chinese tariffs on imports from the US



Source: Chad P. Brown, [US-China Trade War Tariffs: An Up-to-Date Chart](#), Petersen Institute for International Economics, 14th May 2025.

Asian countries have tried hard to ‘appease’ Trump – to no avail

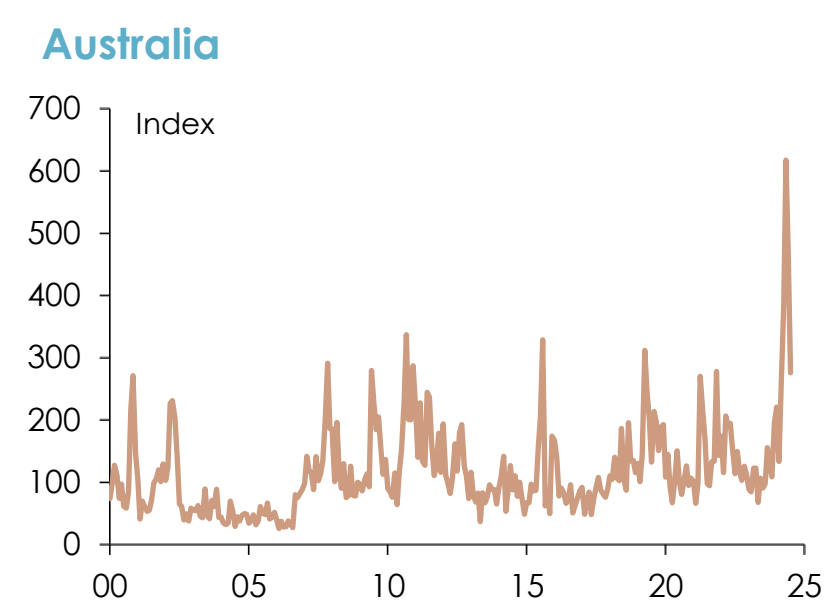
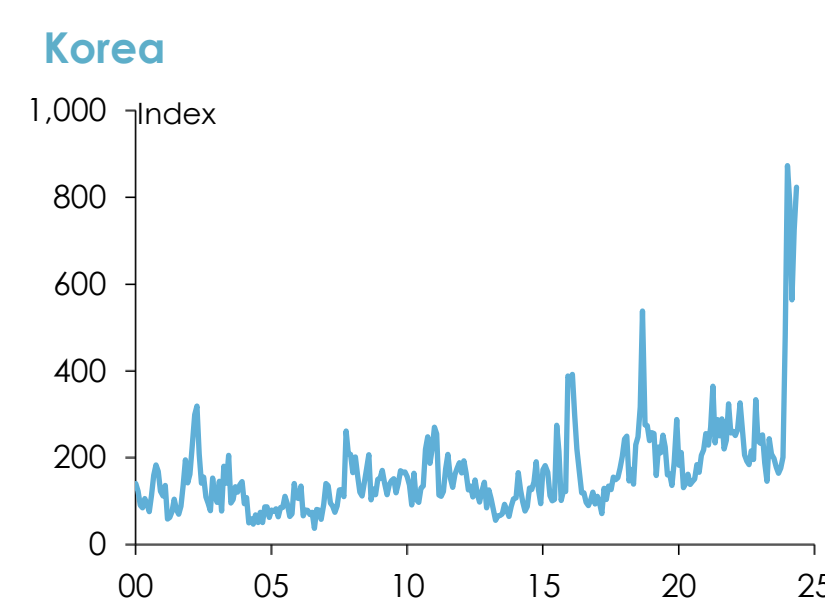
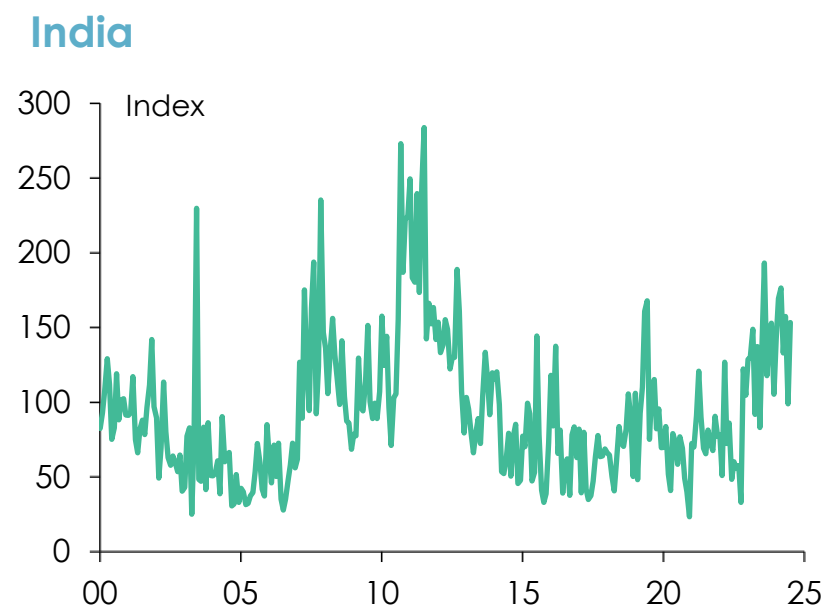
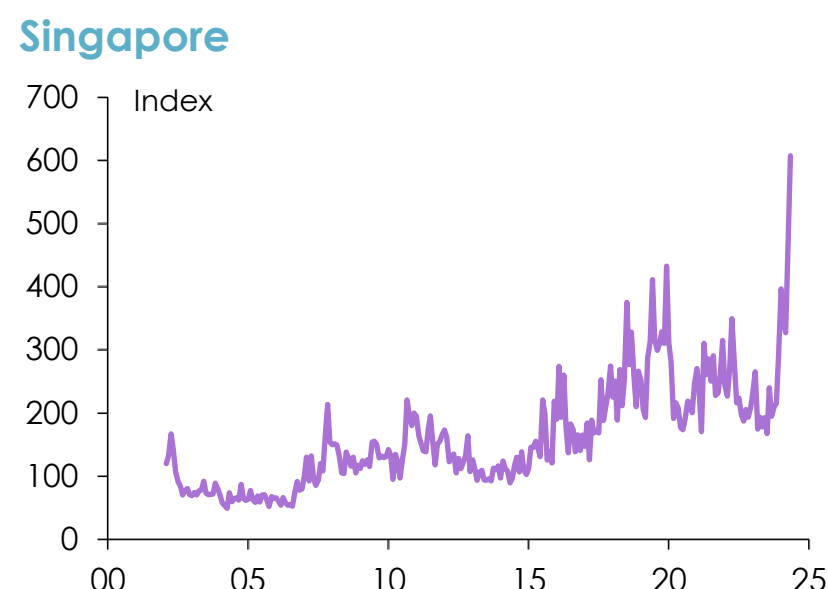
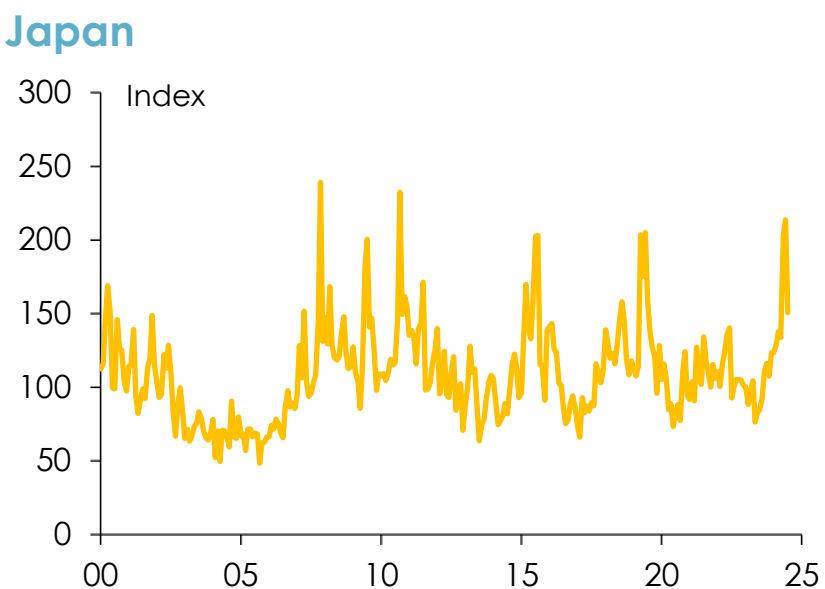
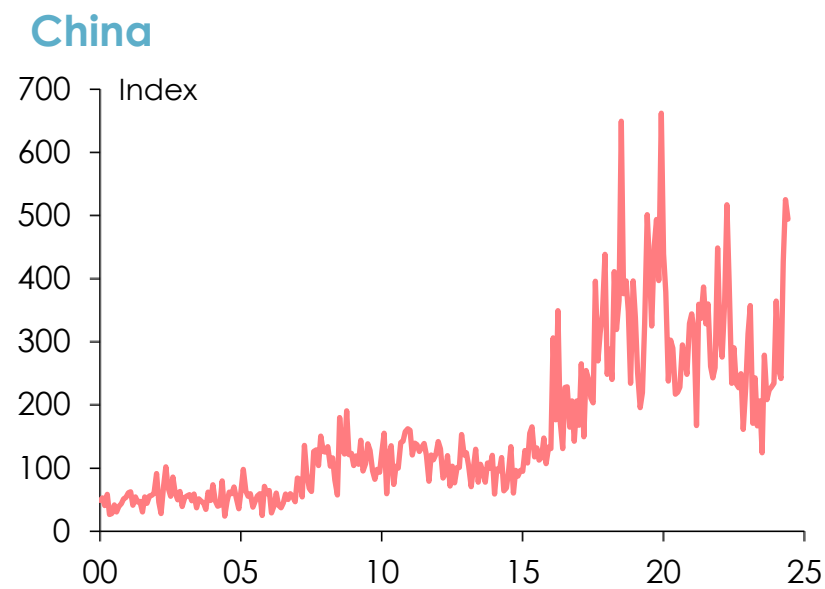
Asian trade negotiators’ flying time to Washington



- ❑ According to Bloomberg, Asian trade negotiators have spent 770 hours flying to and from Washington DC since 2nd April
- ❑ It hasn't done their countries any good

Source: Katia Dimitrieva et al, '[Asia Trade Chiefs Travel 800 hours to Secure Elusive Trade Deals](#)', Bloomberg, 9th July 2025.

Uncertainty about economic policy has risen sharply across Asia since Donald Trump's return to the White House



Note: These indices are based on text searches of newspapers for terms related to economic policy uncertainty – in particular, articles containing the term 'uncertainty' or 'uncertain', the terms 'economic' or 'economy', and one or more policy-relevant terms including regulation, the central bank, deficit, taxation, taxes, legislation, tariff, war, and national political institutions. Source: Dario Caldara and Matteo Iacoviello, [Monthly Economic Policy Uncertainty Indices for 22 Countries](#).

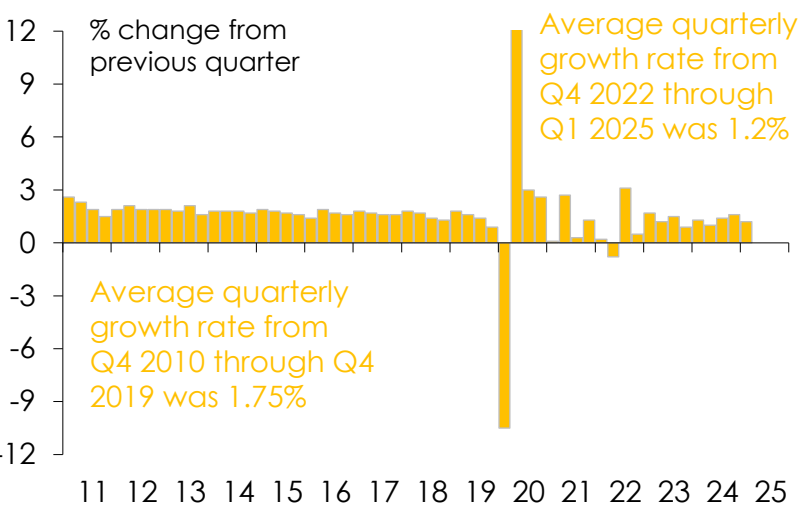
The penguins and seals on Heard & MacDonald Island are pretty upset too



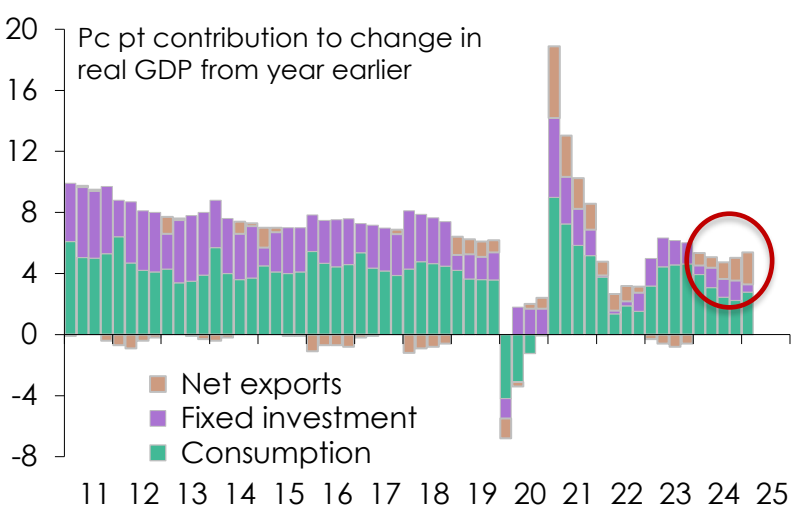
China

China's post-Covid recovery has been very modest – but it has picked up a bit since mid-2024 thanks to net exports and household spending

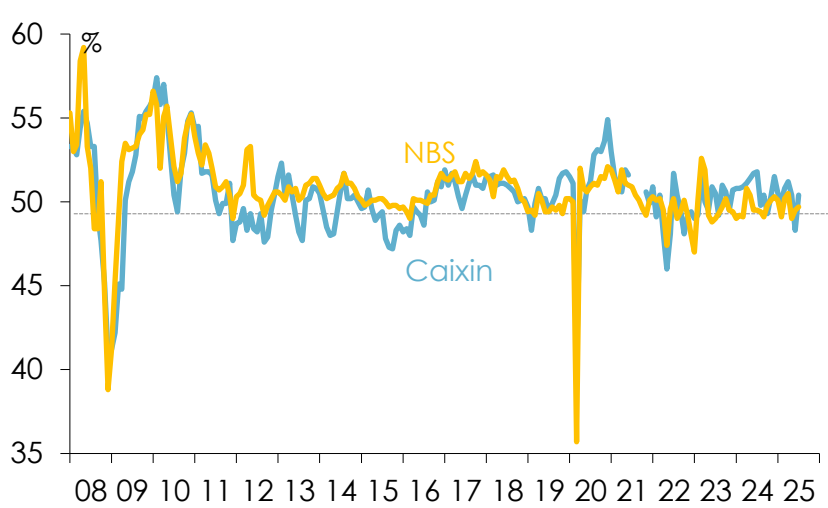
Quarterly real GDP growth



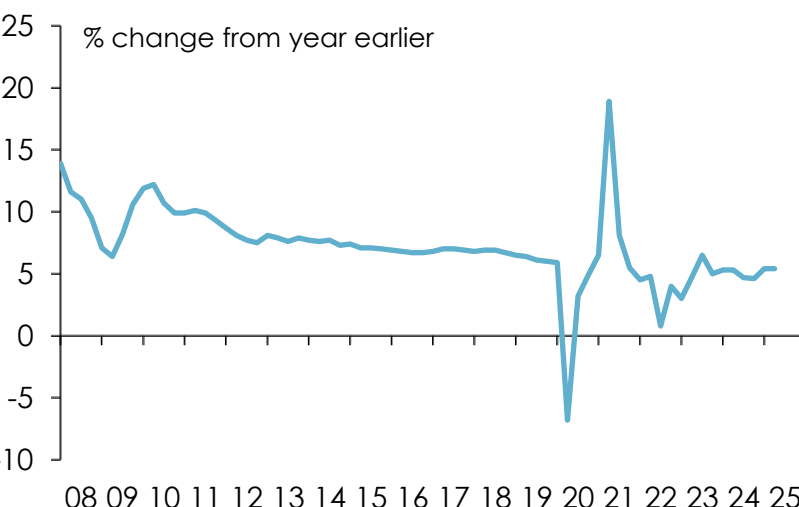
Contributions to GDP growth



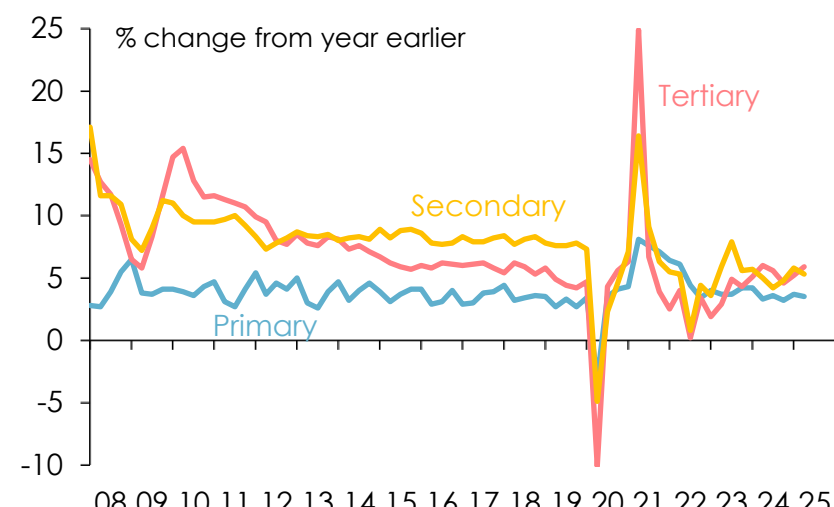
Manufacturing PMIs



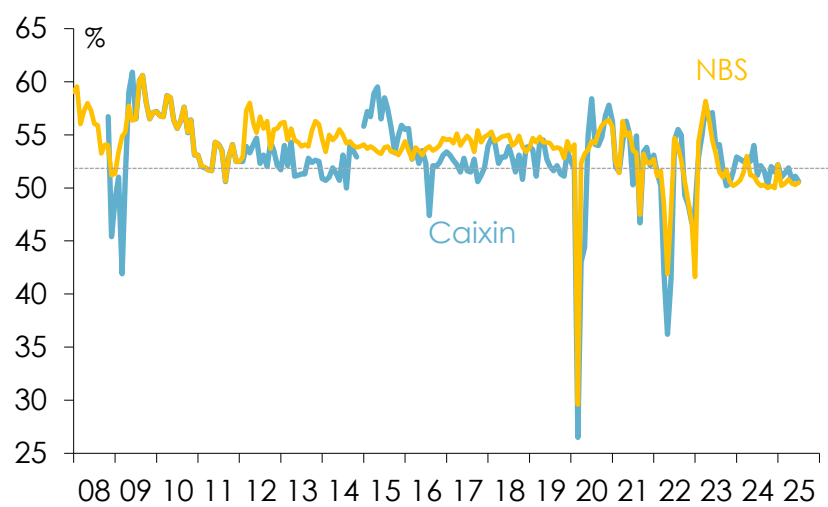
Annual real GDP growth



Annual real GDP growth, by sector



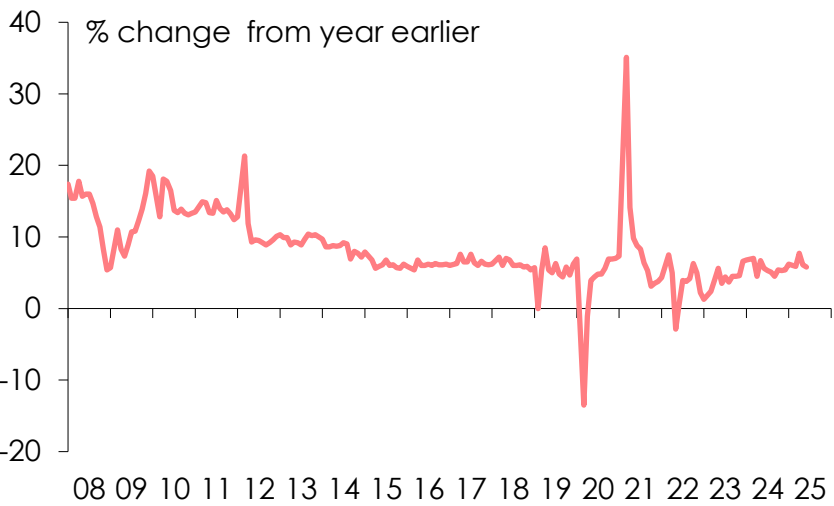
Services PMIs



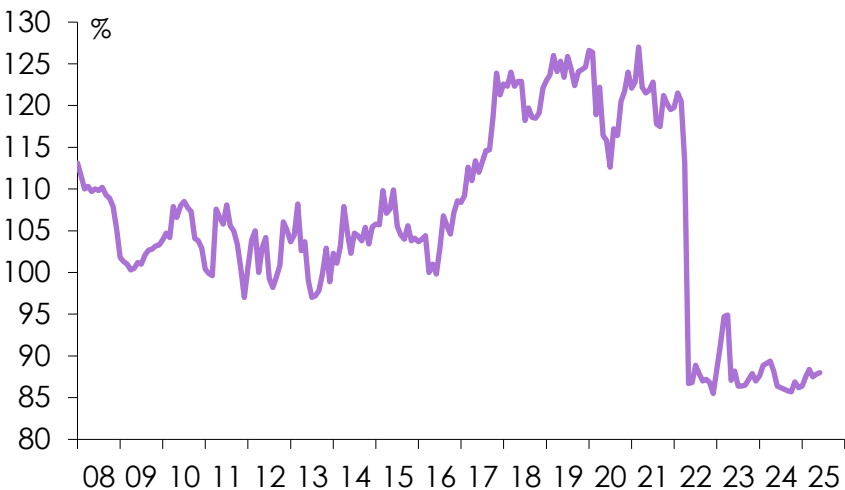
Sources: [National Bureau of Statistics of China](#); [Caixin Global](#).

Exports have provided a modest lift to the 'supply side' while government measures have provided temporary support to consumer demand

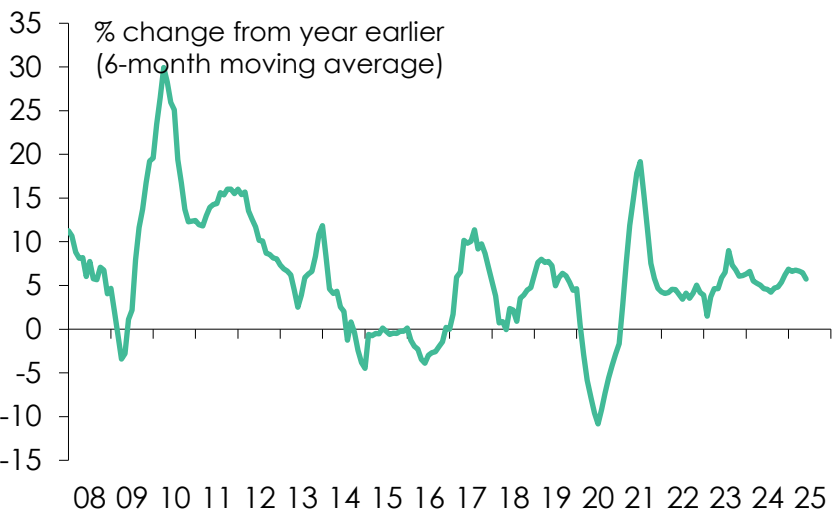
Industrial production



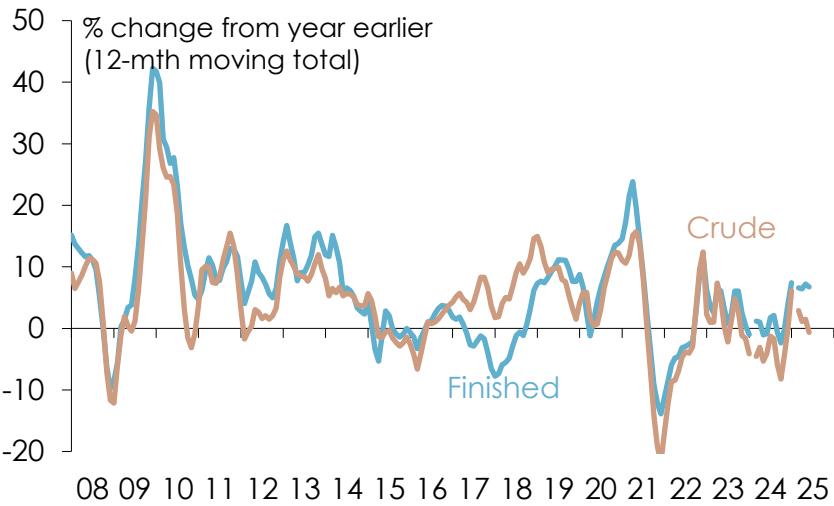
Consumer sentiment



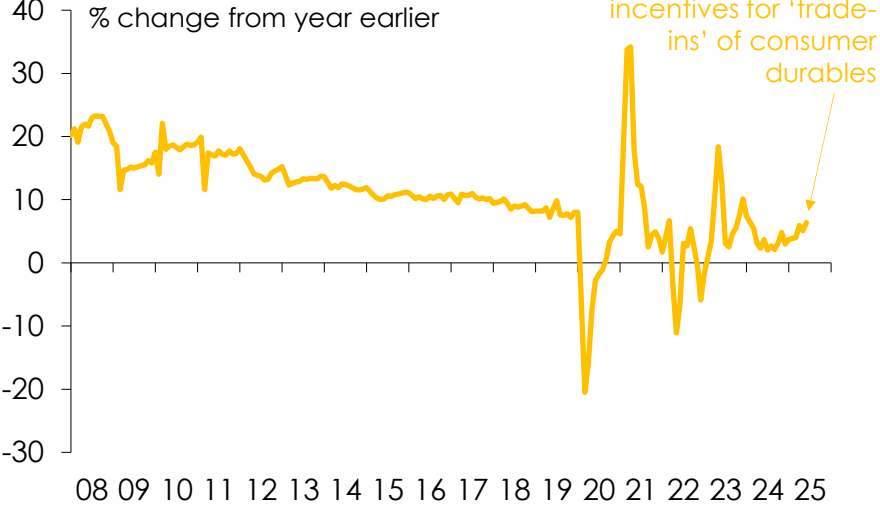
Freight traffic carried



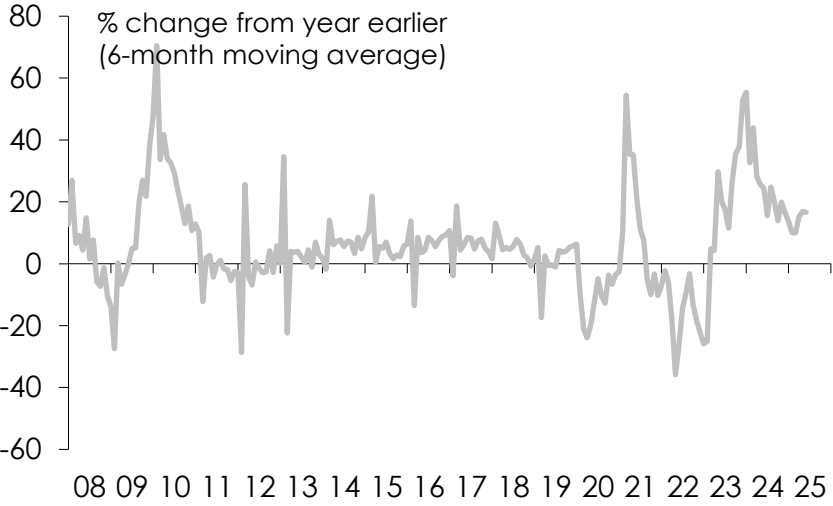
Steel production



Retail sales



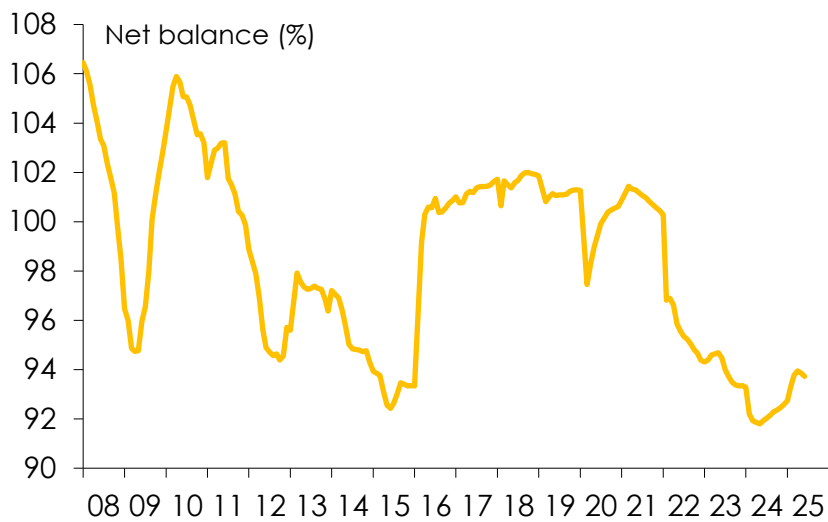
Passenger traffic carried



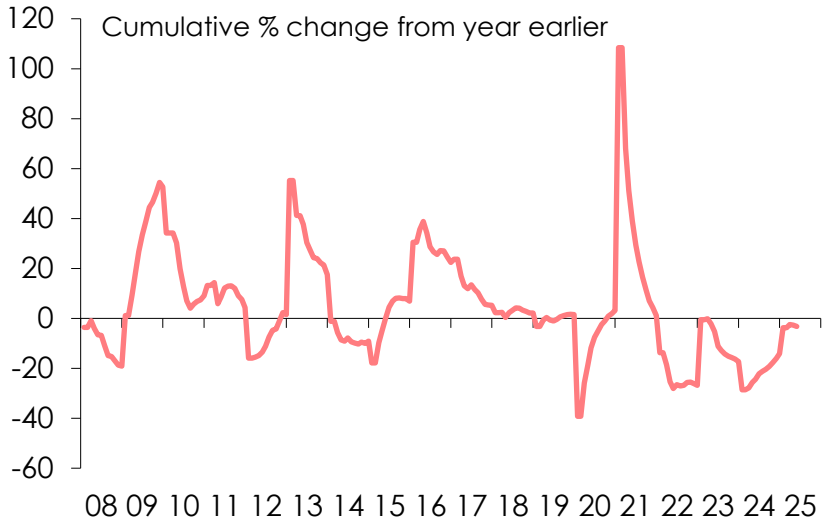
Note: Freight and passenger traffic are expressed in tonne-kms and person-kms respectively. Sources: [National Bureau of Statistics of China](#).

Property development remains a big drag on economic activity – although there are tentative signs that it could be ‘bottoming out’

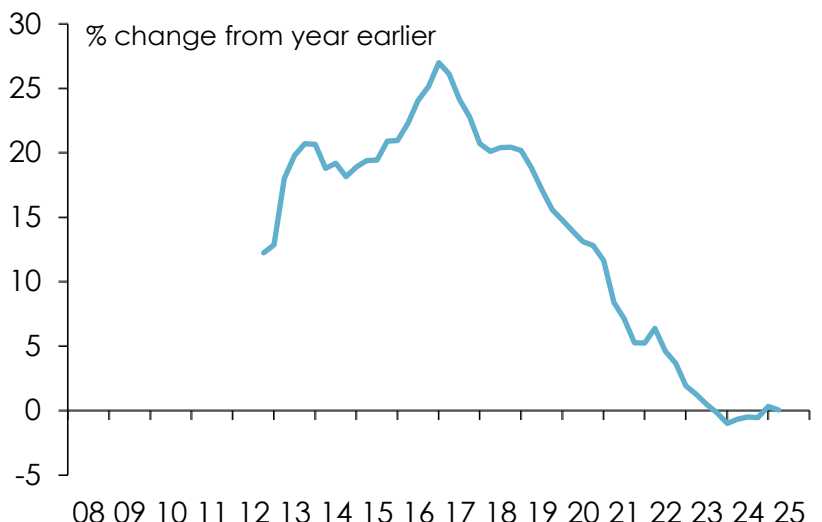
Real estate climate index



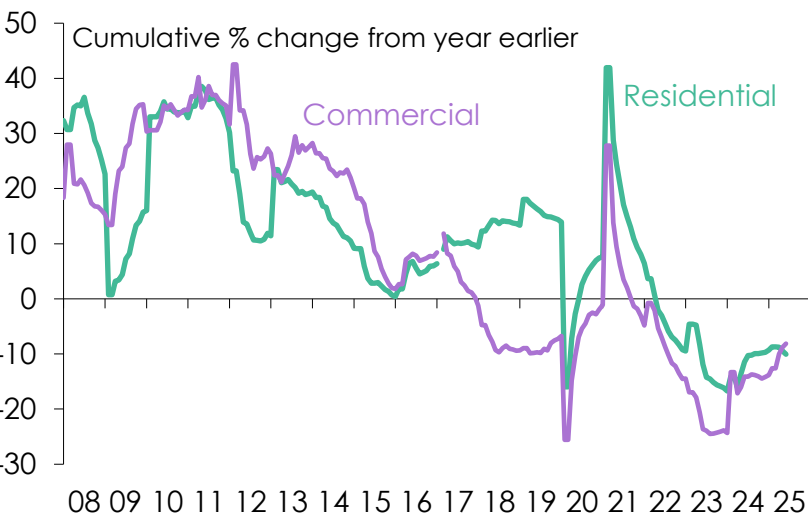
Residential floor space sold



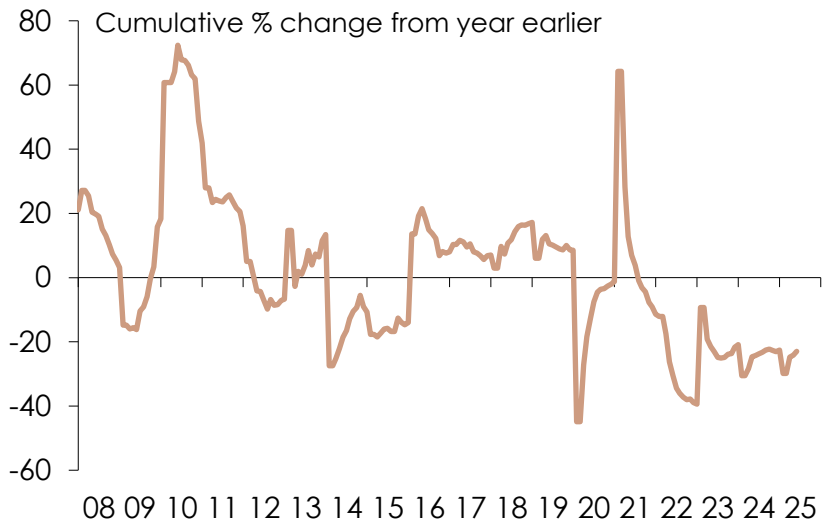
Real estate lending



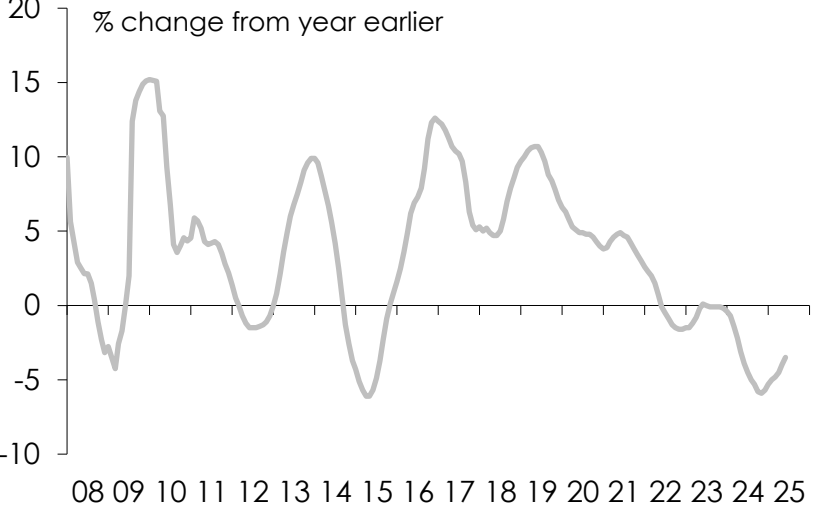
Real estate investment



Residential floor space started



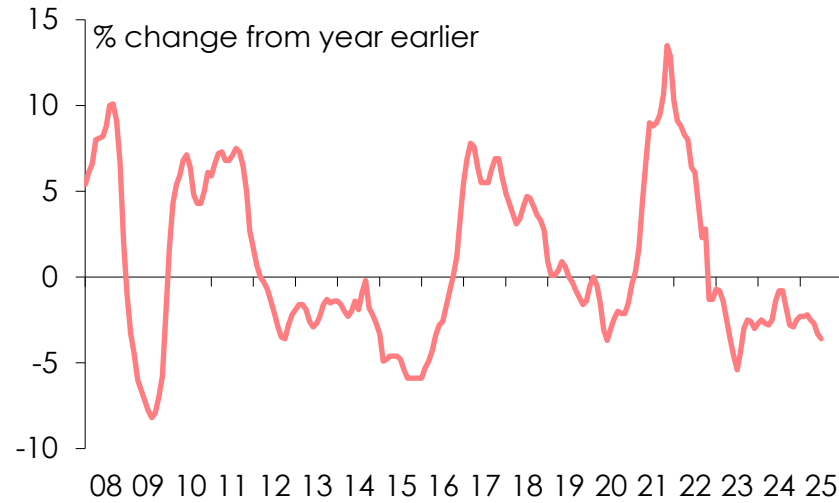
Residential real estate prices



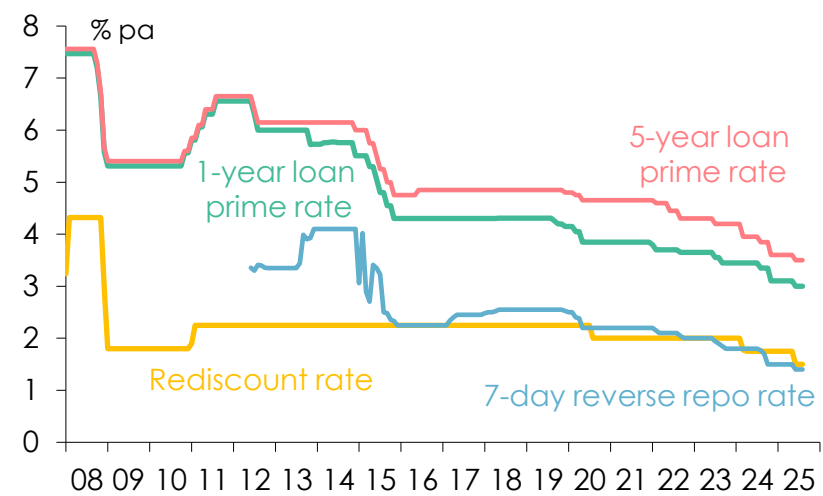
Sources: [National Bureau of Statistics of China](#); [People's Bank of China](#).

Inflation has remained very low (or negative) – but until this past month the ‘Chinese authorities’ have been reluctant to take any bold policy actions

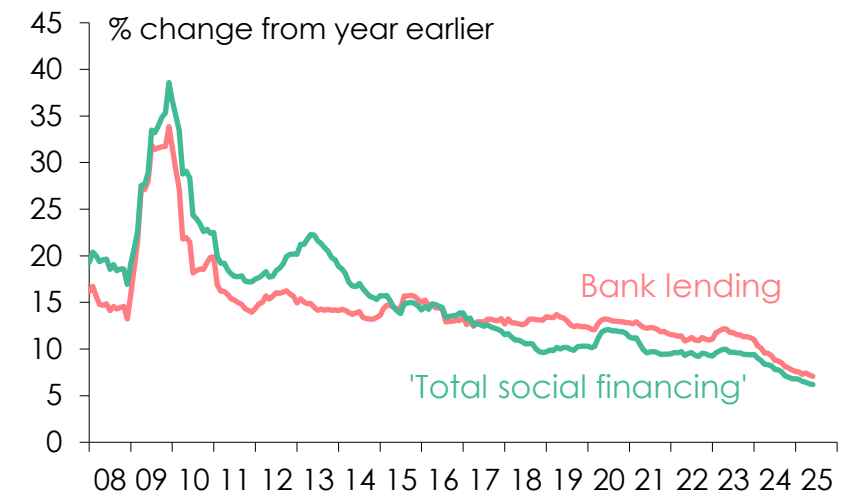
Producer prices



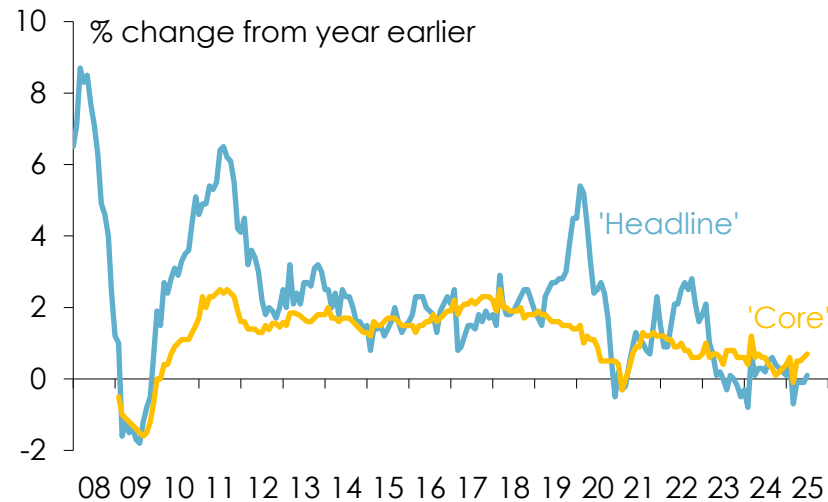
PBoC policy interest rates



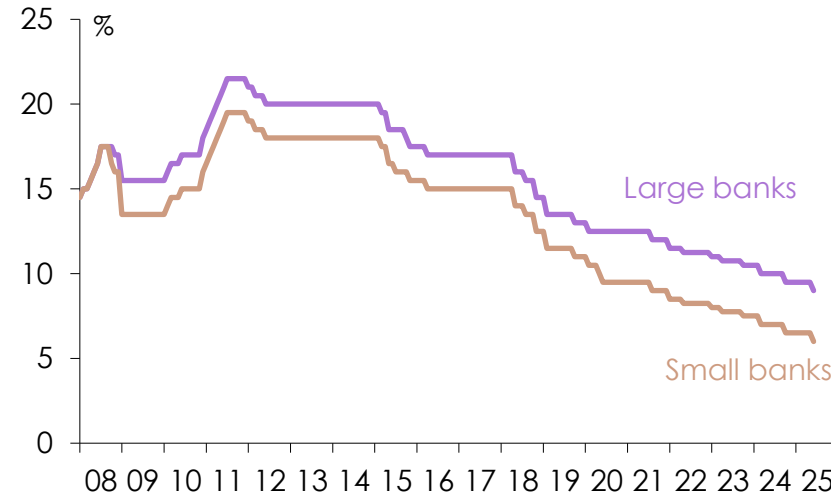
Credit growth



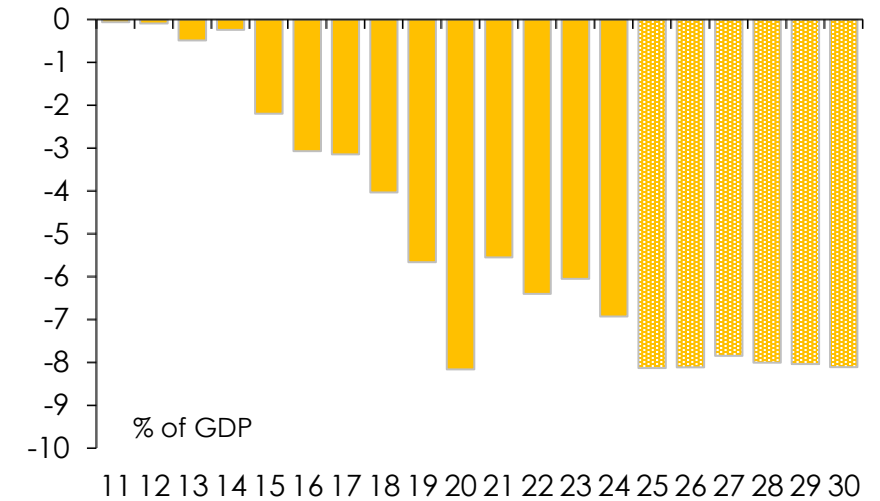
Consumer prices



Bank reserve requirement ratios



Government budget structural balance

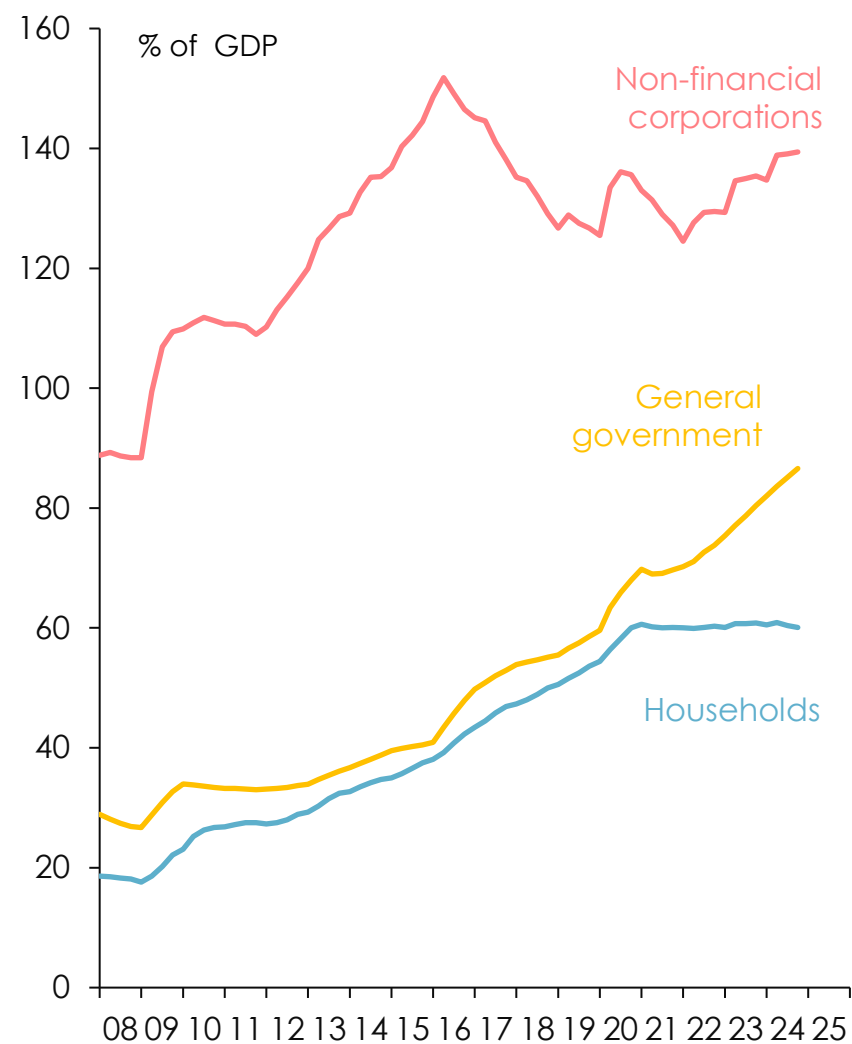


'Financial Policy Package to Stabilize the Market and Expectations' announced on 7th May

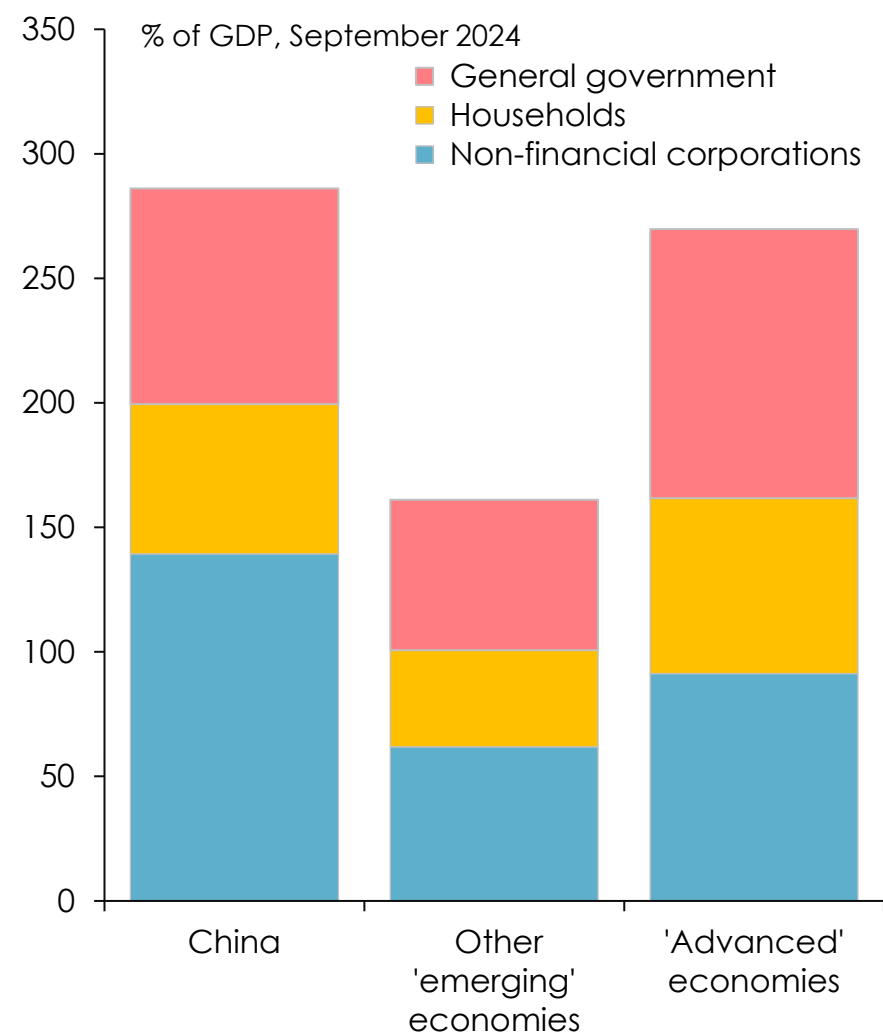
- ❑ **Reserve Requirement Ratios lowered by 0.5 pc pts (to 6.0% for small banks and 9% for large banks)**
 - RRR for auto finance companies and financial leasing companies will be reduced temporarily from 5 % to zero
- ❑ **7-day reverse repo rate cut by 10 basis points (to 1.4%)**
- ❑ **Interest rates on 'structural monetary policy tools' cut by 25 bp**
 - the rate at which the PBoC lends to commercial banks cut from 1.75% to 1.5%
 - the rate at which it lends to policy banks ('pledged supplementary lending') cut from 2.25% to 2.0%
- ❑ **Interest rates on 'personal housing provident fund loans' (first home loans with terms of over five years) cut by 25 bp from 2.85% to 2.60%**
- ❑ **Some new or increased PBoC lending facilities**
 - facility that supports sci-tech innovation and technological transformation will be increased by Rmb 300 bn (from Rmb 500 bn to Rmb 800 bn)
 - a new Rmb 500 bn facility to support service consumption and old-age services, aiming to guide commercial banks to increase credit support for these areas
 - new Rmb 500bn facility to support service consumption and old-age services, aiming to guide commercial banks to increase credit support for these areas
 - a new 'risk sharing tool' providing low-cost funds for sci-tech innovation bond purchases, collaborating with local governments and market-oriented credit enhancement institutions to share part of the default loss risks through diversified credit enhancement measures such as joint guarantees
- ❑ **Merging the Rmb 500 bn swap facility for securities, funds, and insurance companies with the Rmb 300 bn of central bank lending for stock buybacks and holdings increase**

Policy-makers remain concerned about China's high level of debt, especially in the corporate sector

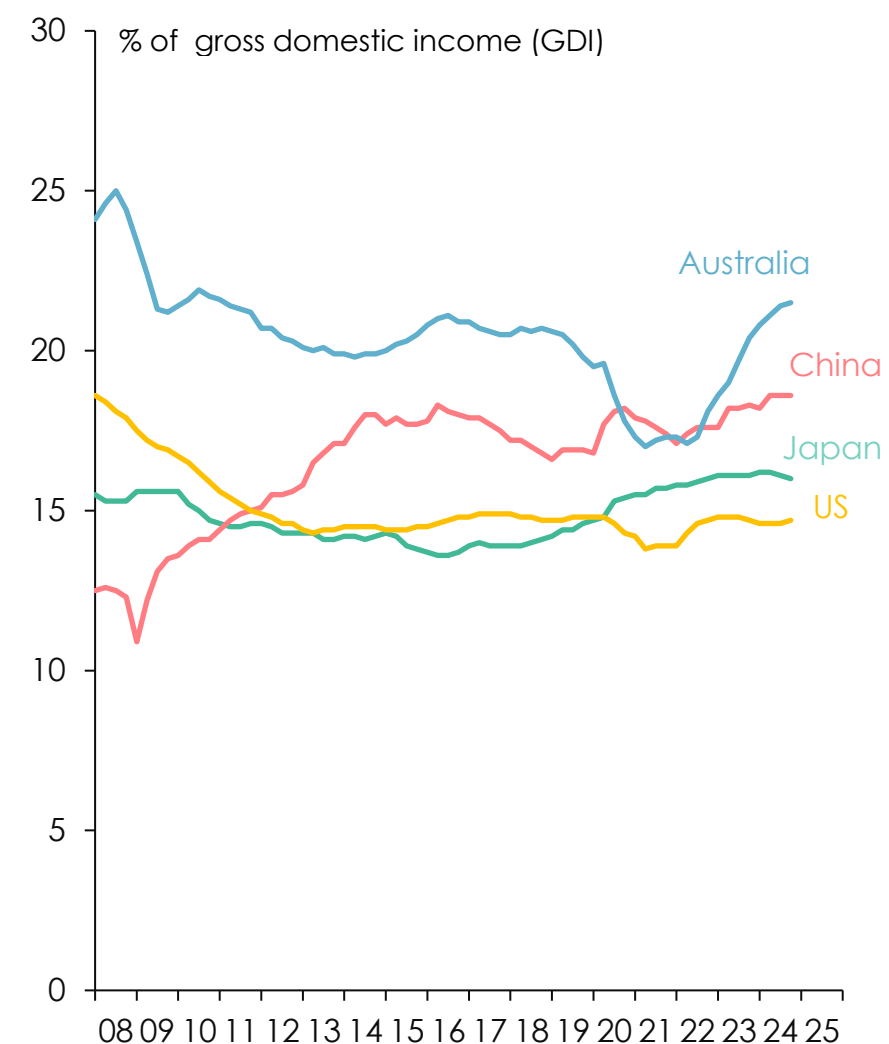
Debt as a percentage of GDP, by sector



China's debt compared with other emerging & advanced economies



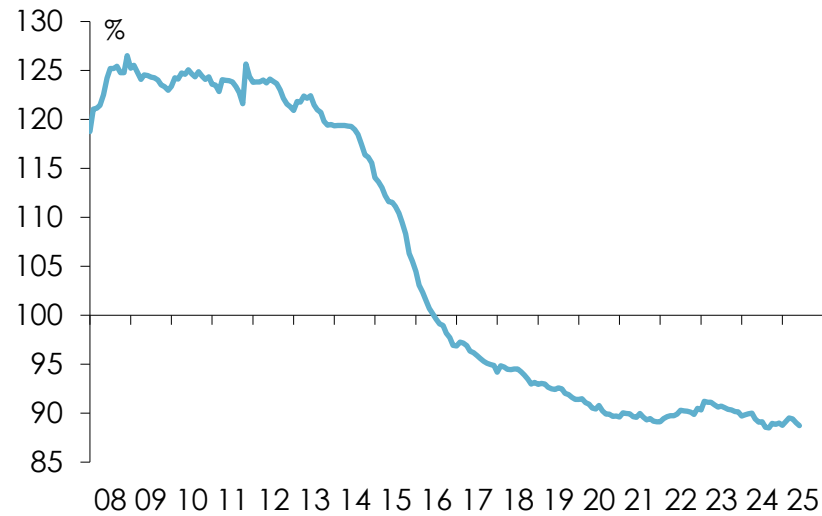
Debt servicing ratios



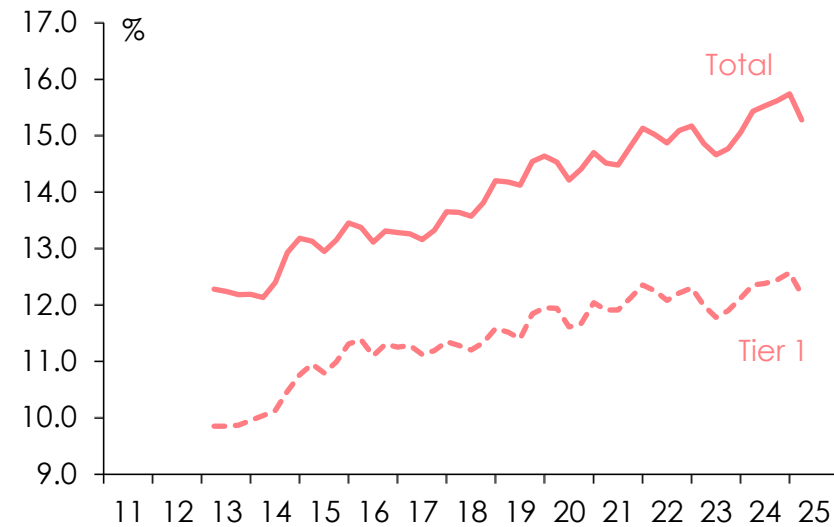
Note: 'general government' excludes state-owned enterprises, which are included in non-financial corporations.
Source: Bank for International Settlements, [Credit to the non-financial sector](#), September 2024.

Chinese banks are more dependent on 'wholesale funding' than previously, but at face value they're well capitalized and adequately provisioned

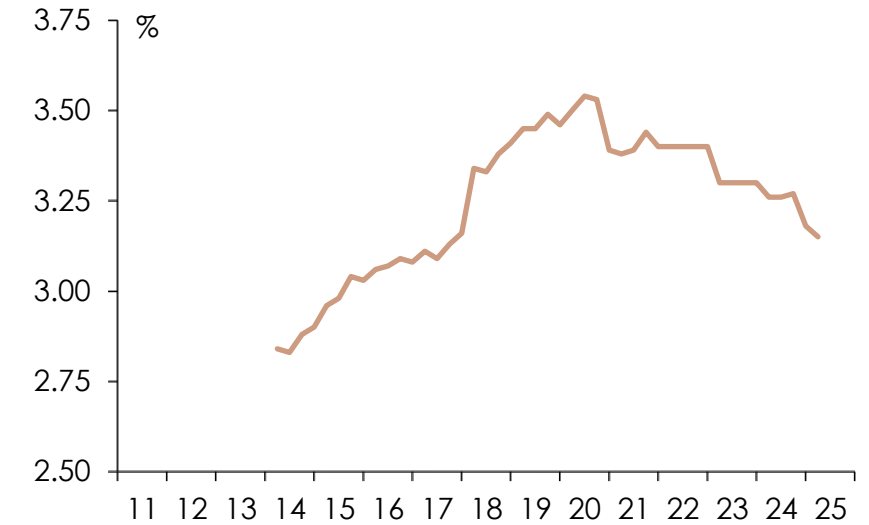
Deposit-to-loan ratio



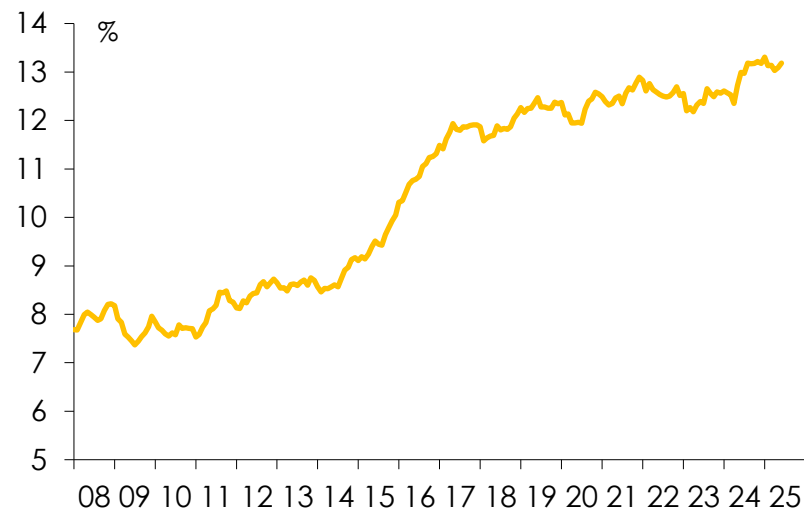
Capital adequacy ratio



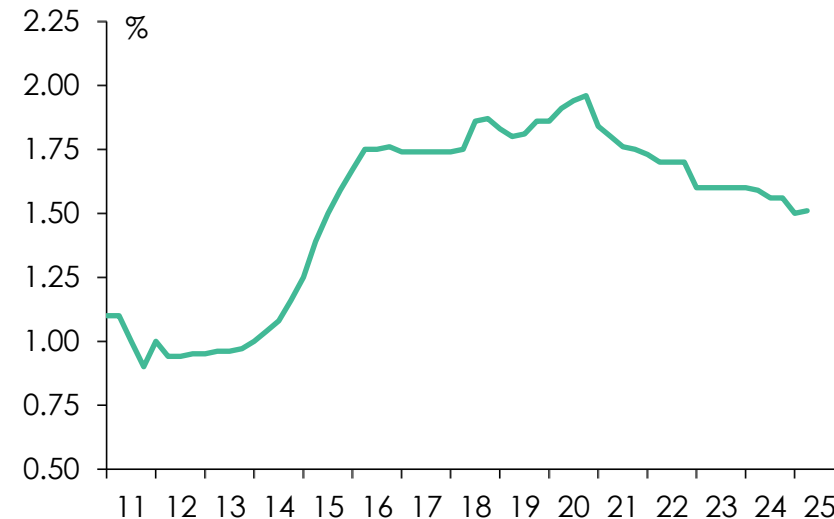
Loan-loss provision ratio



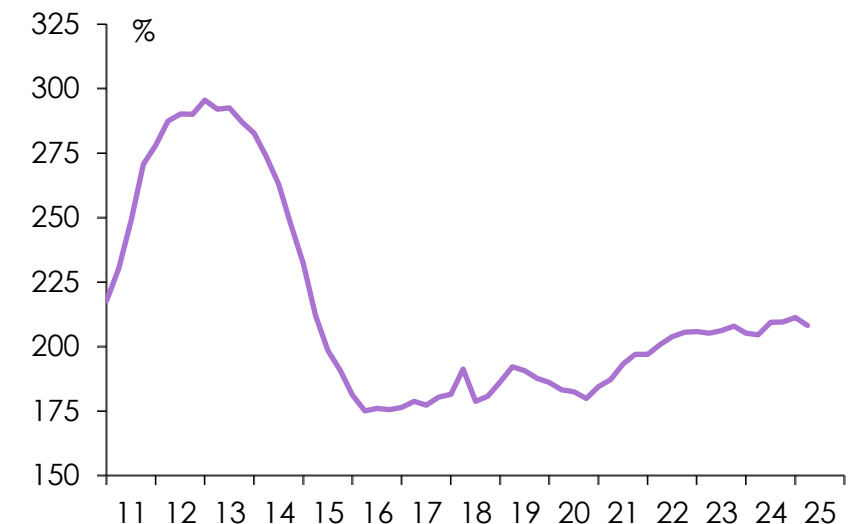
Bonds as a pc of total liabilities



Non-performing loan ratio



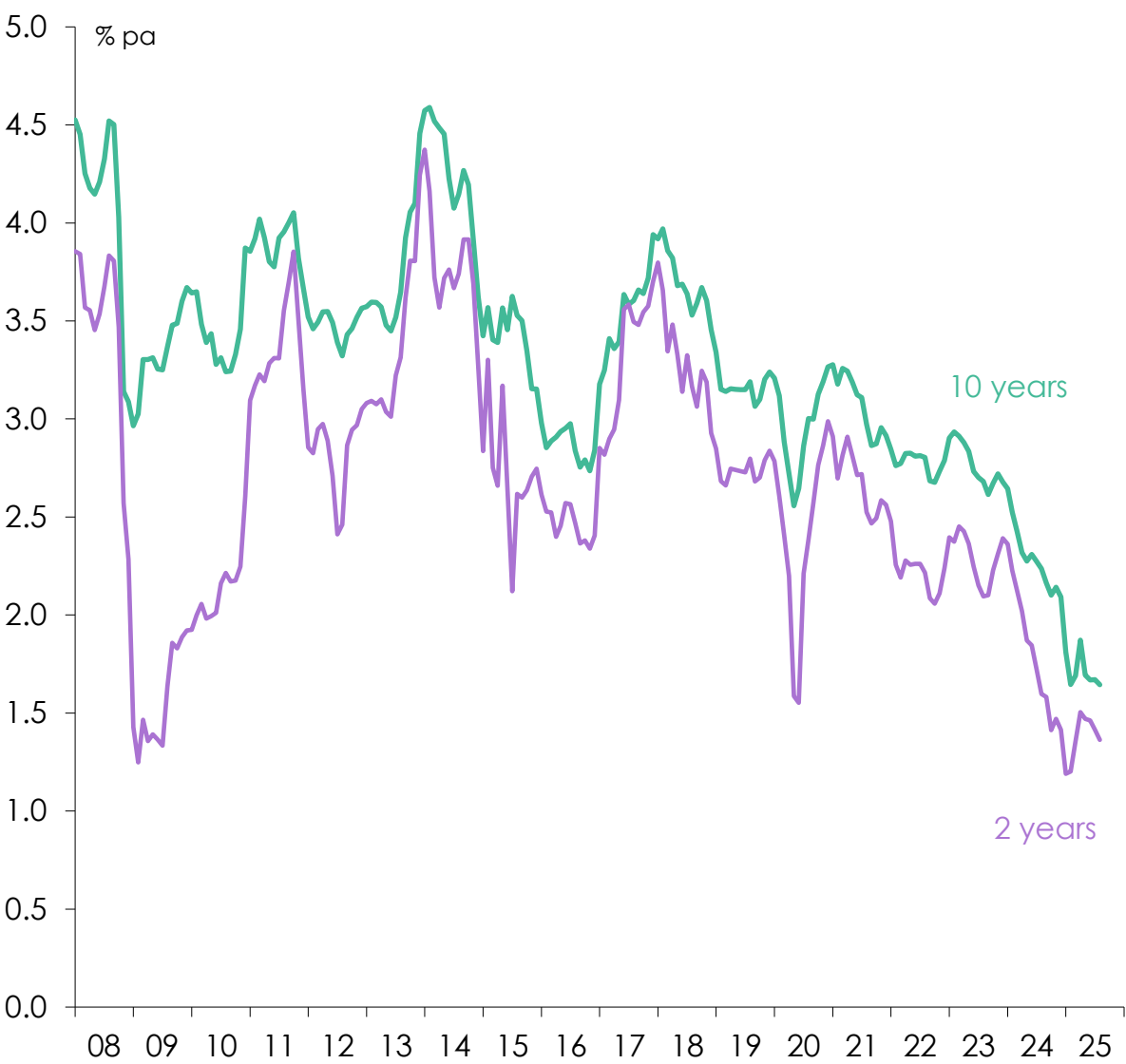
Provision coverage ratio



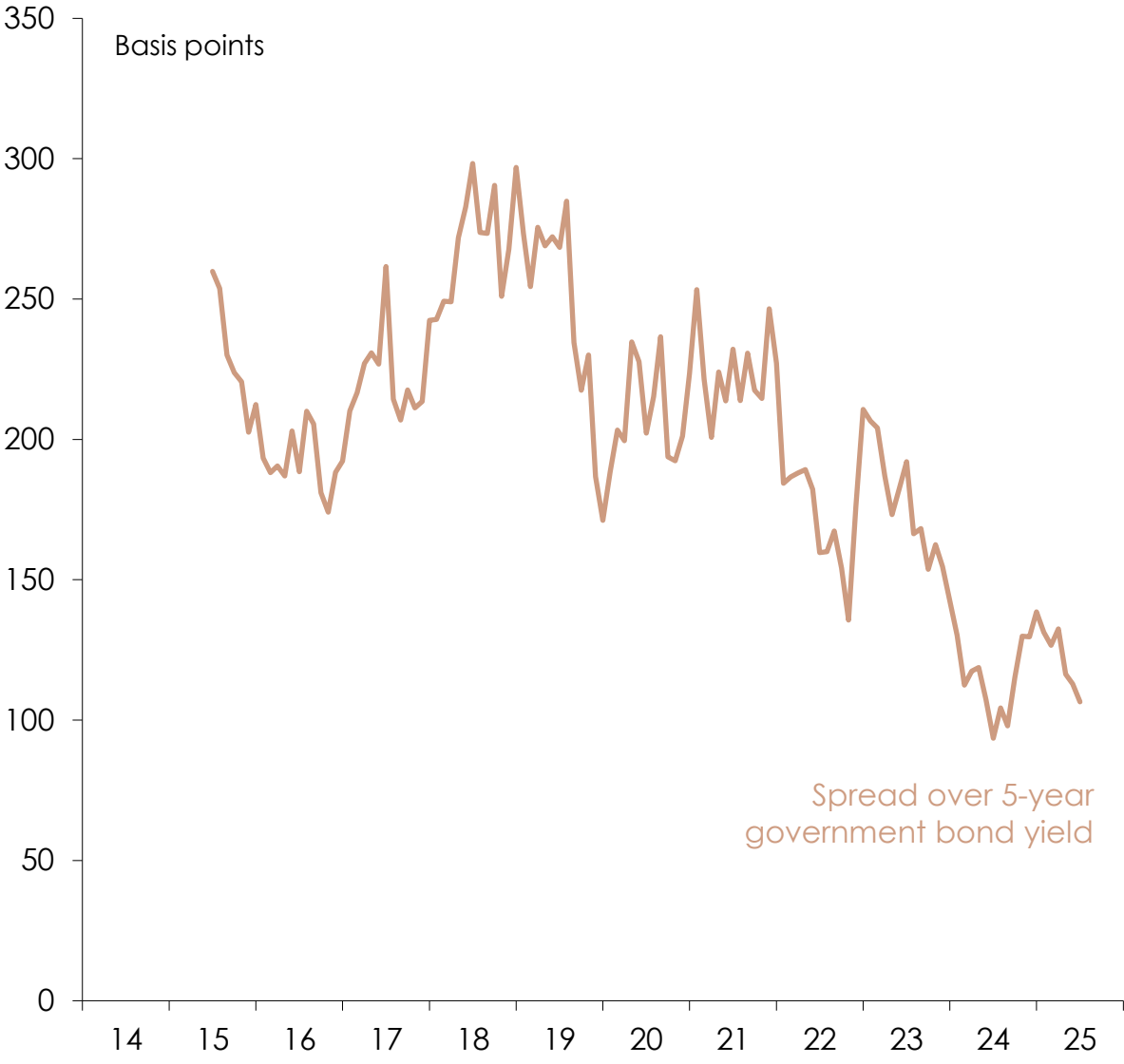
Sources: [People's Bank of China](#); [National Financial Regulatory Administration](#).

In the absence of alternatives, Chinese investors have been piling into bonds (both government and corporate)

Chinese government bond yields



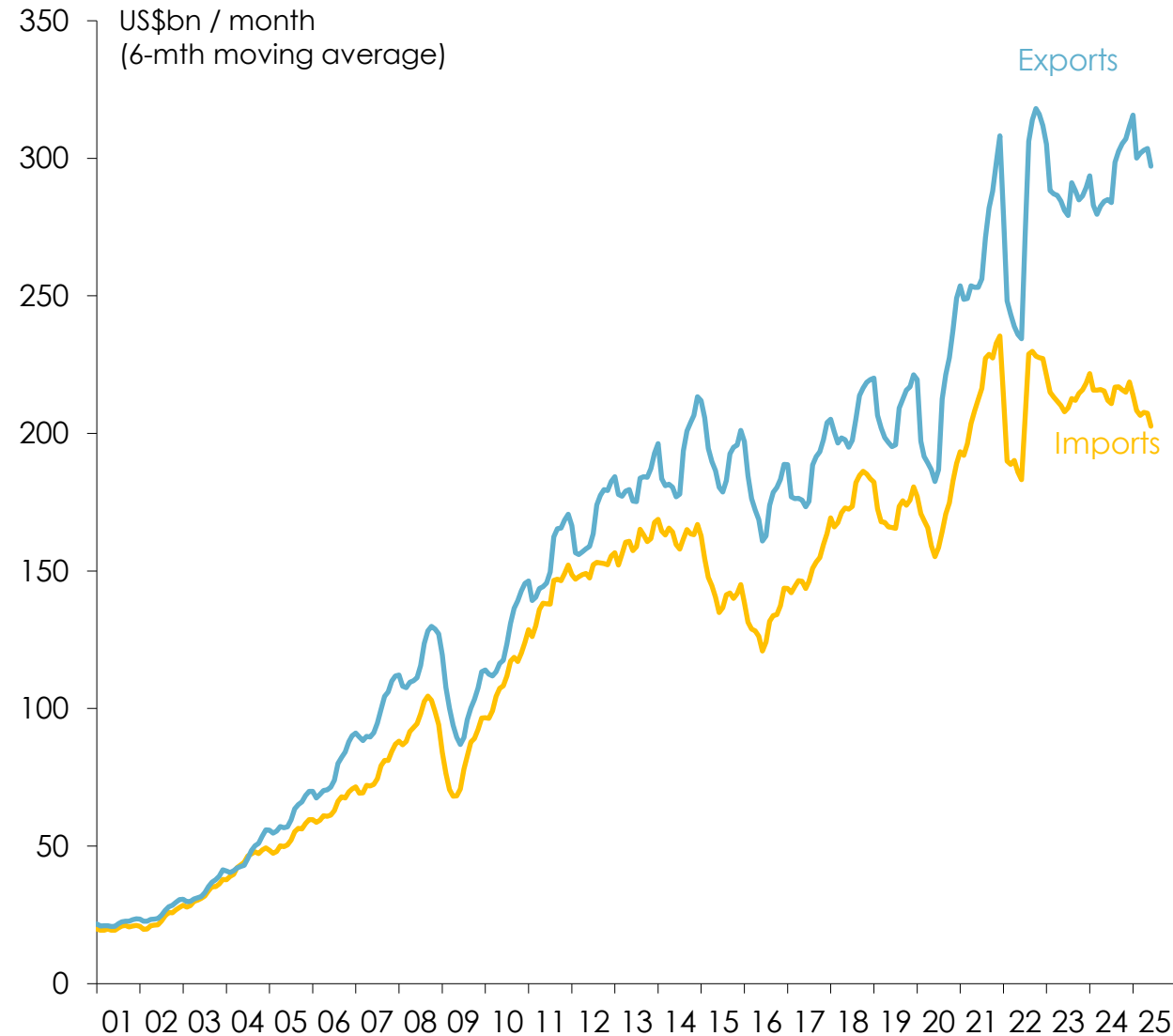
Corporate bond yield spread over governments



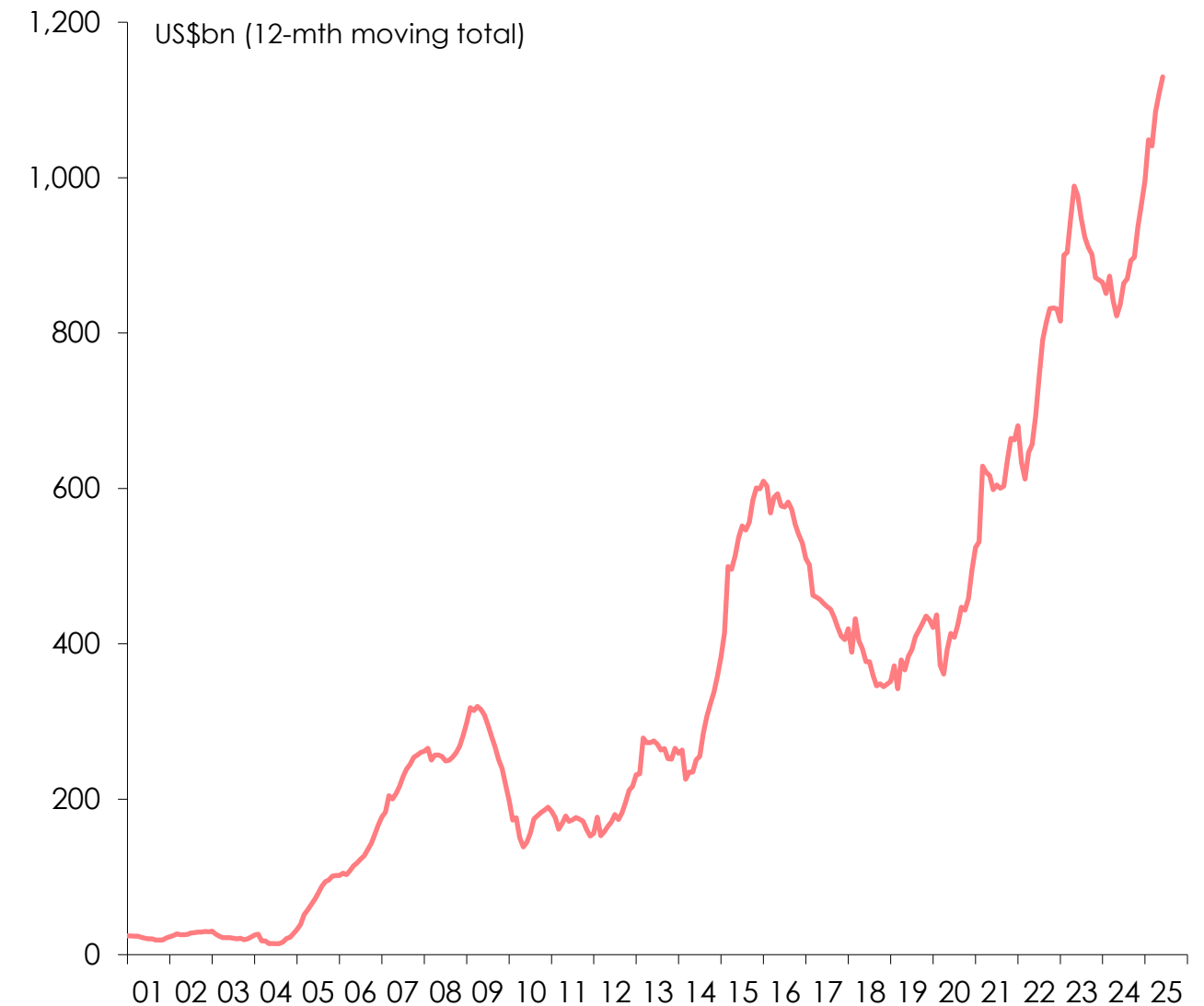
Source: Refinitiv Datastream. Data up to 4th July.

China's merchandise trade surplus is being sustained by weakness in imports as well as strength in exports ...

China's merchandise exports and imports



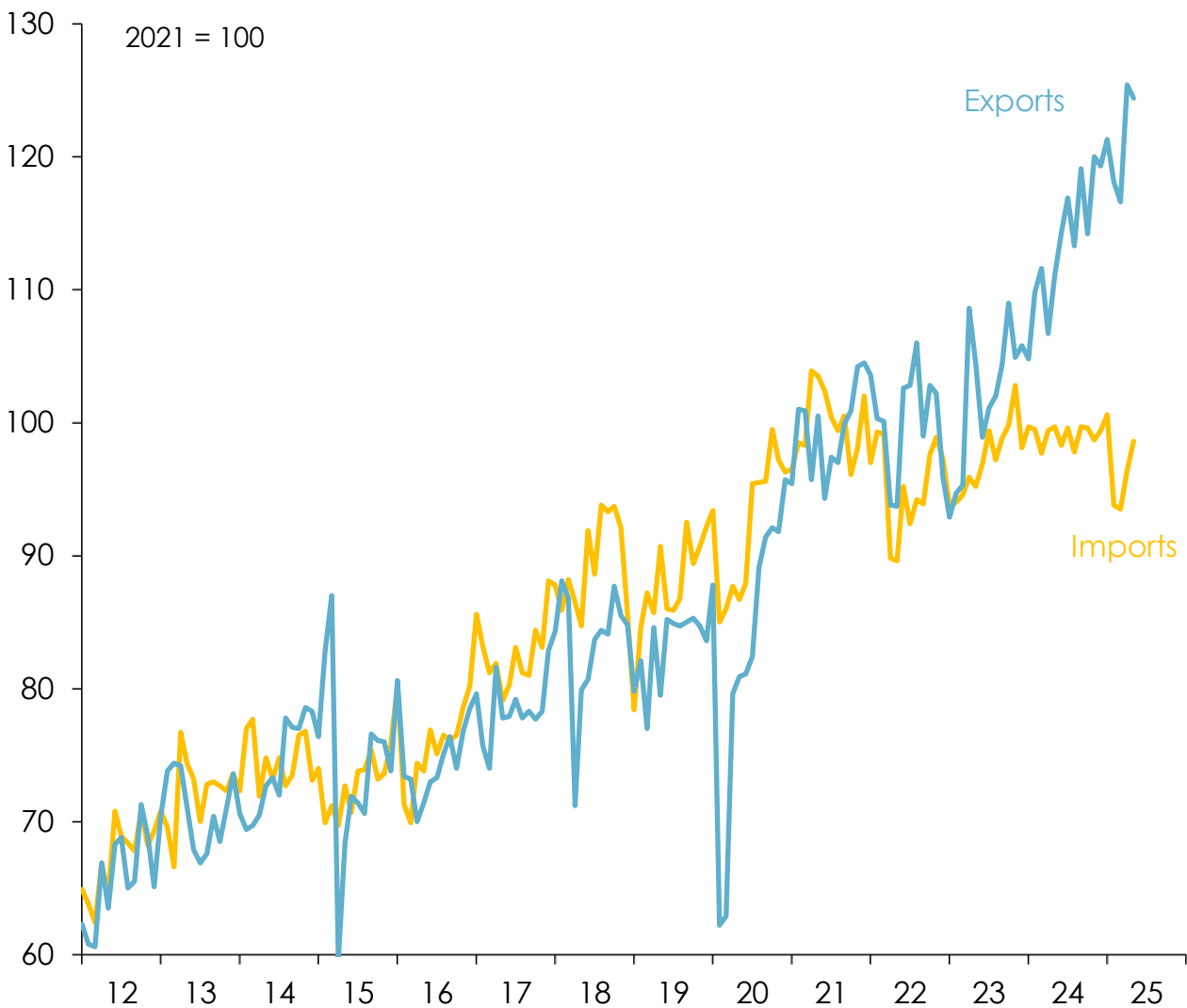
China's merchandise trade surplus



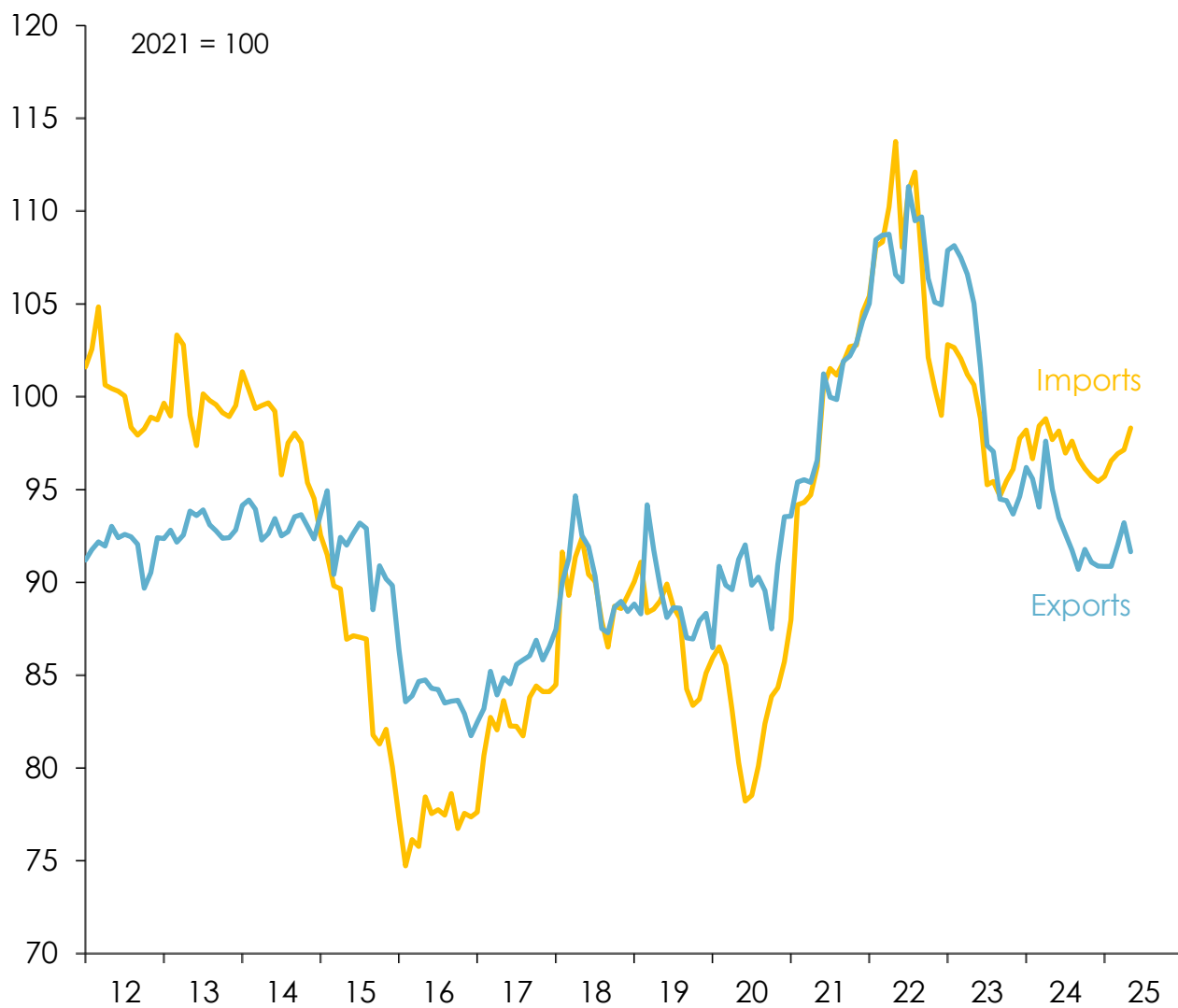
Source: [General Administration of Customs](#).

... as is even more obvious when you break the data down into volumes and prices

China's merchandise export and import volumes



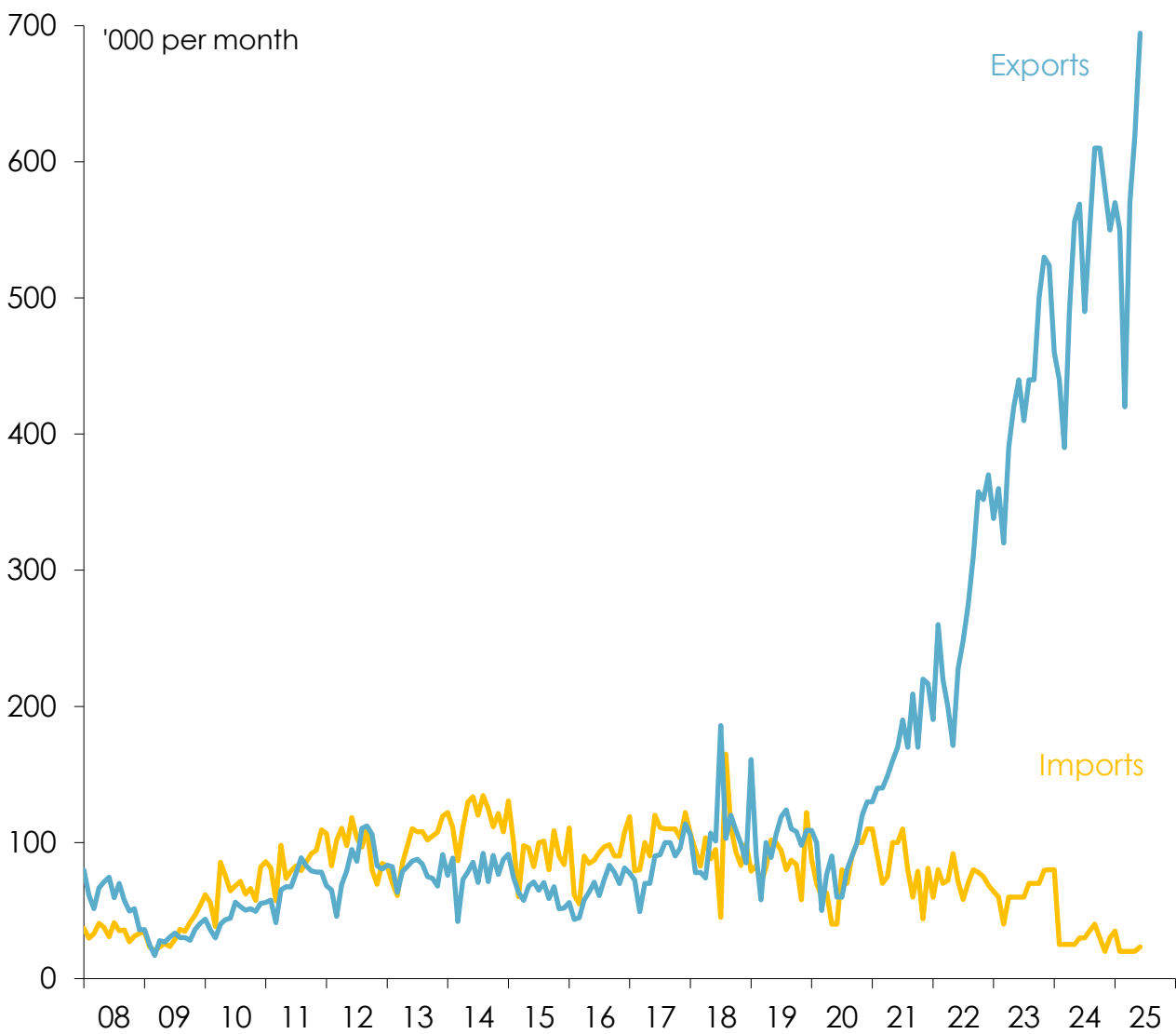
China's merchandise export and import prices



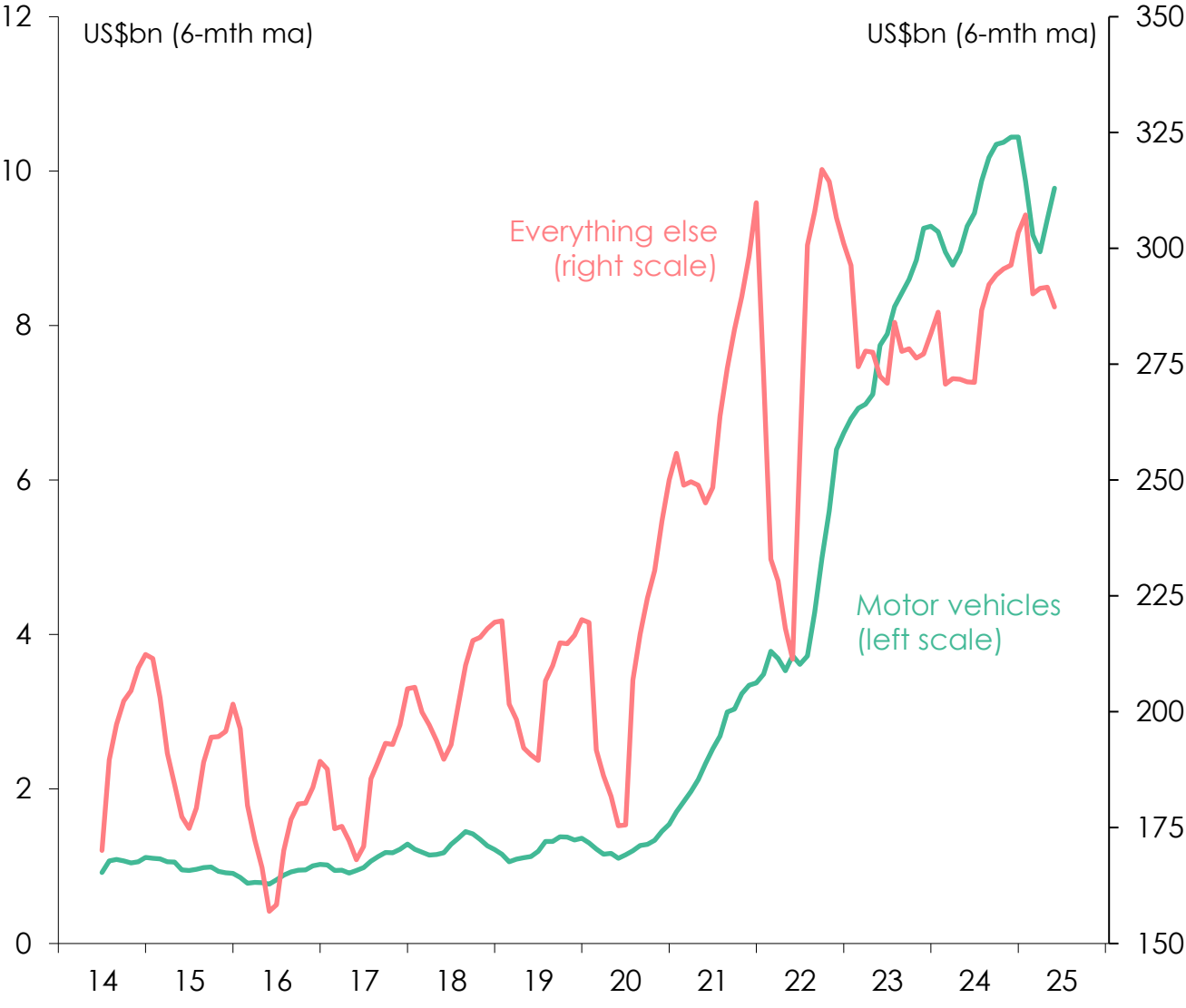
Source: CPB Netherlands Bureau for Economic Policy Analysis, [World Trade Monitor](#), April 2025.

And most of the strength in exports is in motor vehicles – if you exclude them, China’s exports have also been ‘flatlining’ for four years

China’s motor vehicle exports and imports



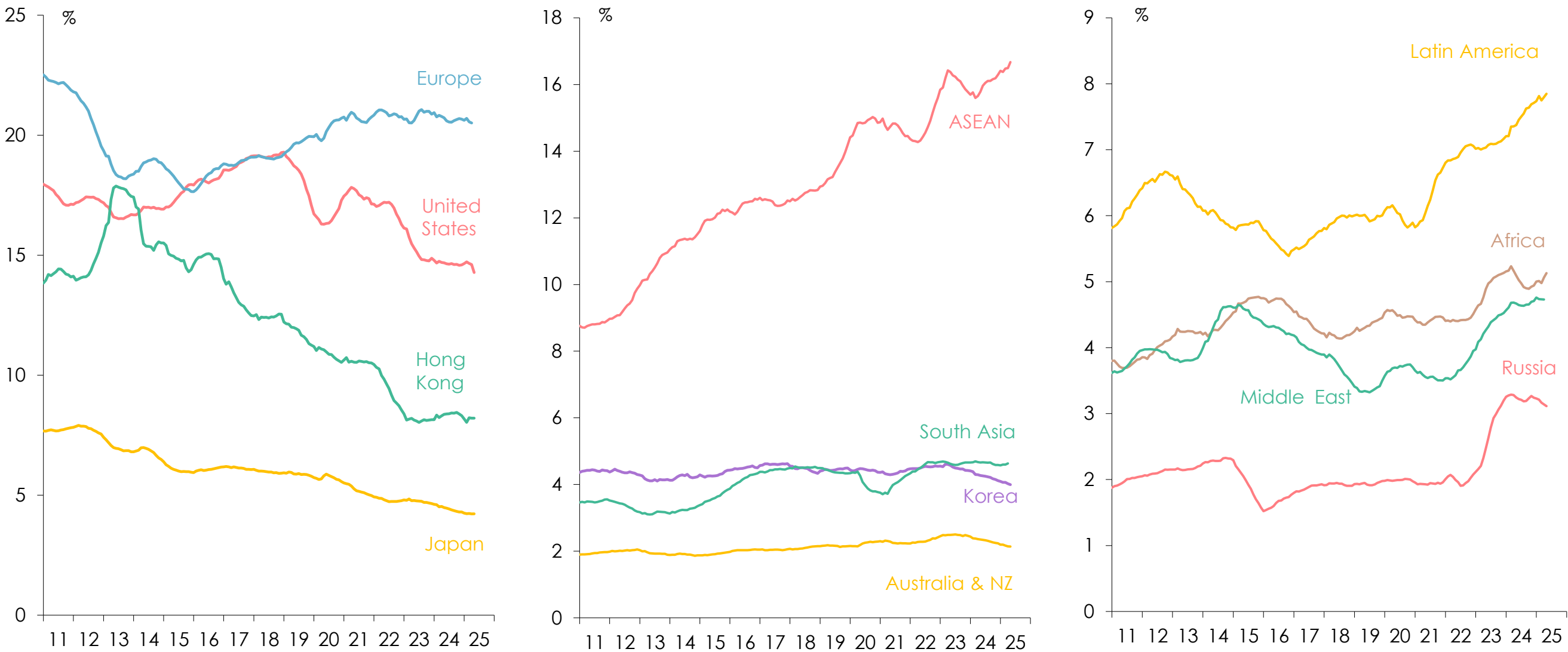
Motor vehicle and other merchandise exports



Sources: China [National Bureau of Statistics](#); [General Administration of Customs](#);

China has been diversifying its export markets away from the US since the first Trump Administration

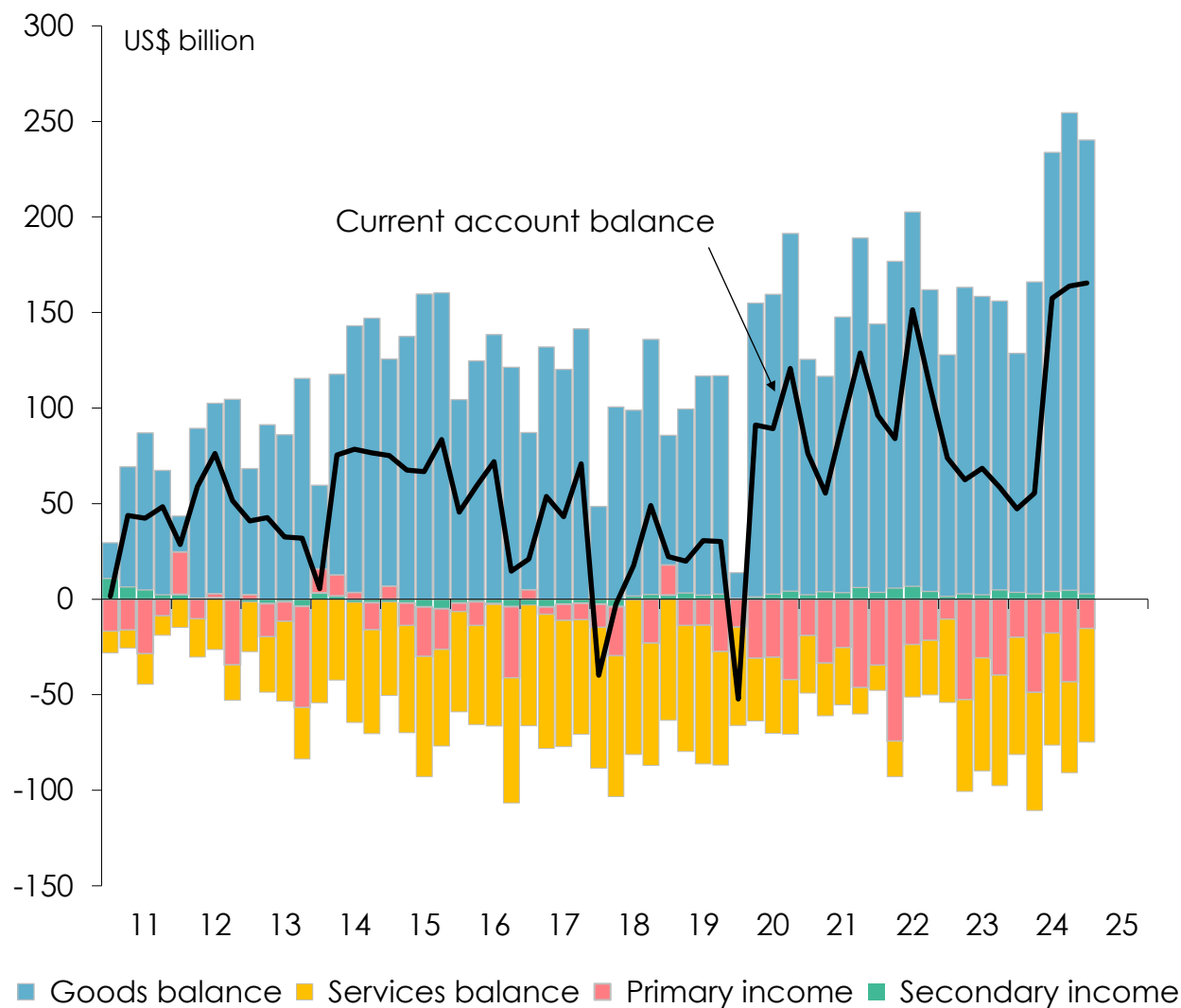
China's merchandise exports, by destination



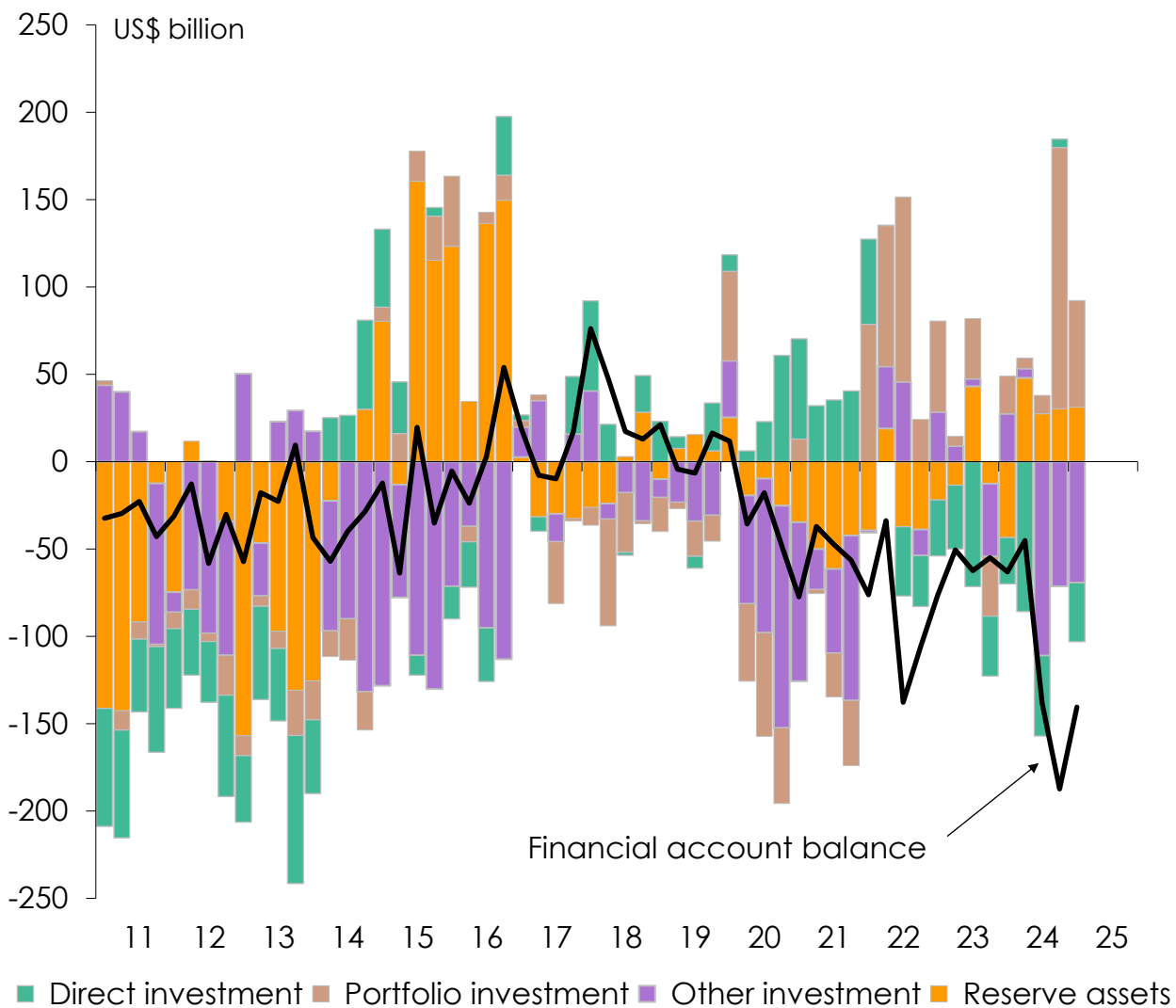
Note: 'Middle East' comprises Turkey, Saudi Arabia, Iran, UAE, Kuwait and Qatar. Source: China [General Administration of Customs](#).

China's overall balance of payments position isn't as strong as suggested by its merchandise trade surpluses

China's current account



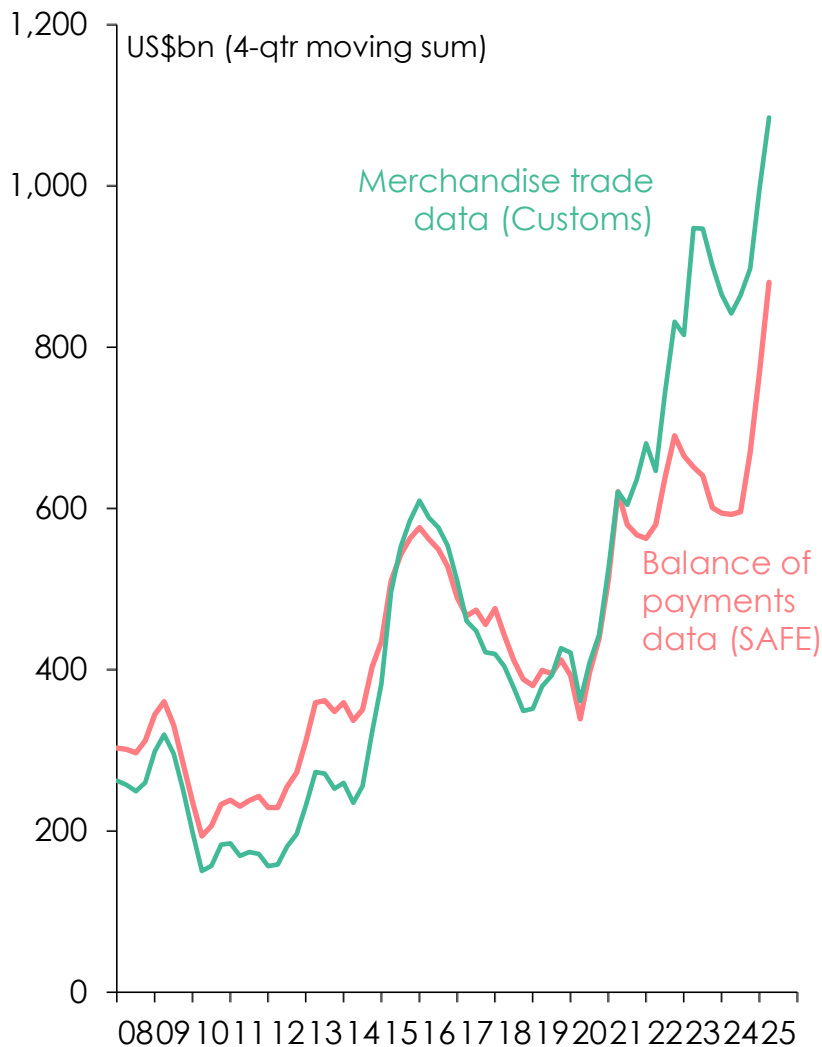
China's financial account



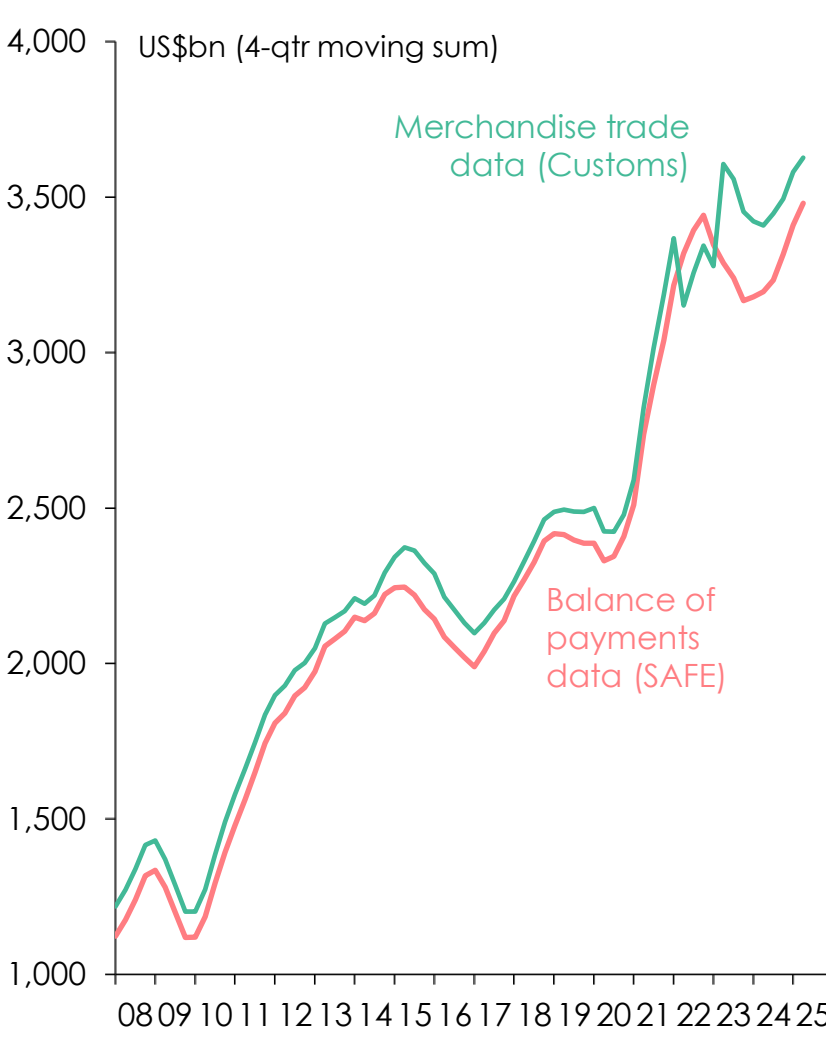
Source: China [State Administration of Foreign Exchange](#).

A wide gap has opened up between the alternative measures of China's trade surplus – is it 'hidden exports' or 'capital flight' (or something else)?

Alternative measures of China's goods trade balance



Alternative measures of China's goods exports



Alternative measures of China's goods imports



Sources: China [General Administration of Customs](#); [State Administration of Foreign Exchange](#).

Could China eventually offer a currency revaluation as part of a 'deal' with the US - or is it just Taiwan?

Chinese yuan vs US dollar



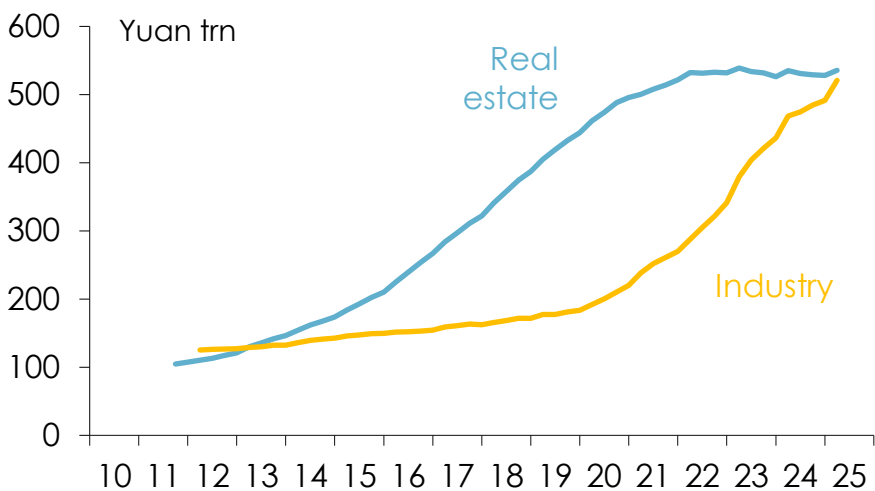
New Taiwan dollar vs US dollar



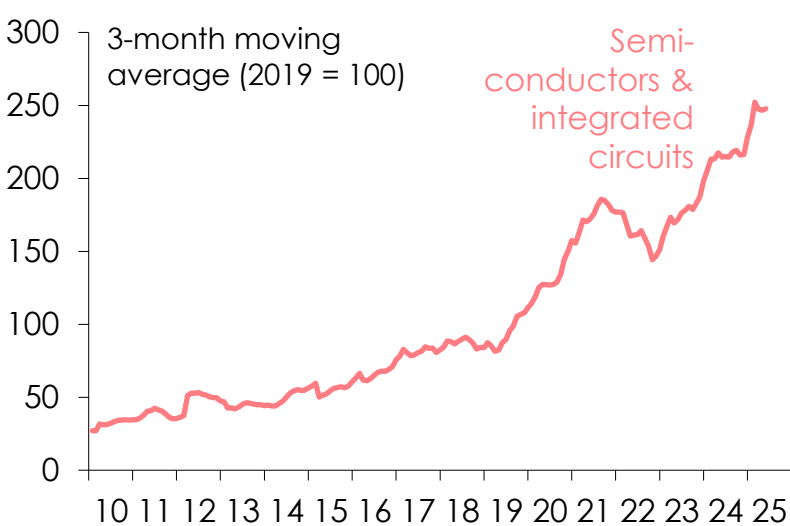
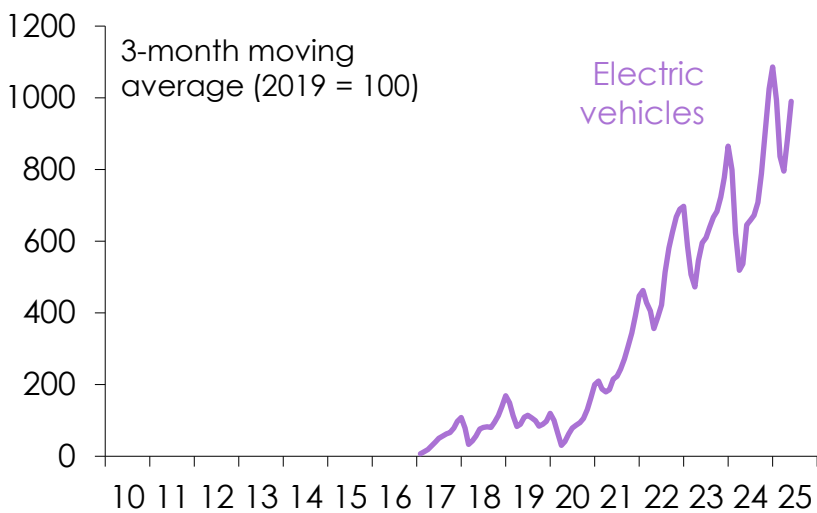
Source: Refinitiv Datastream. Data up to 8th July.

China has aggressively sought to build up its capacity to produce items benefiting from the 'IT revolution' and the 'green transition'

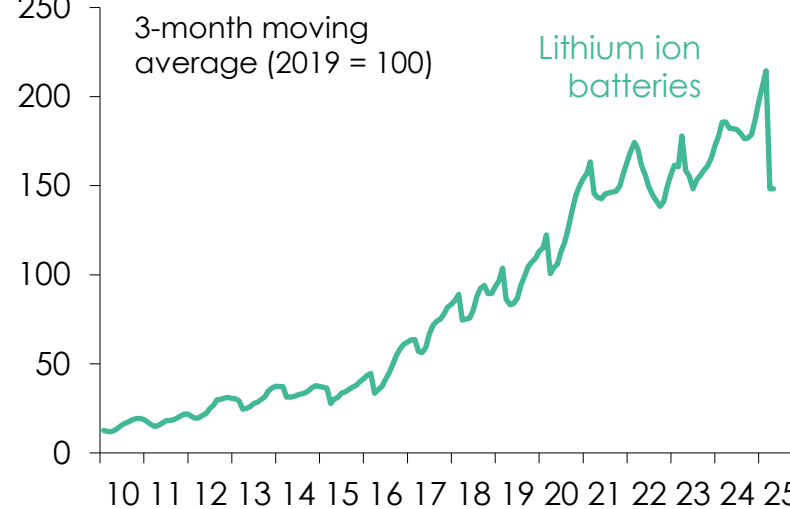
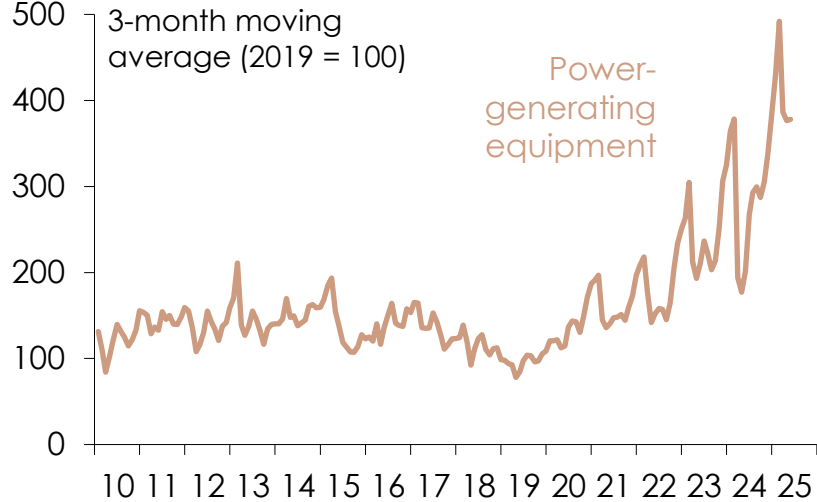
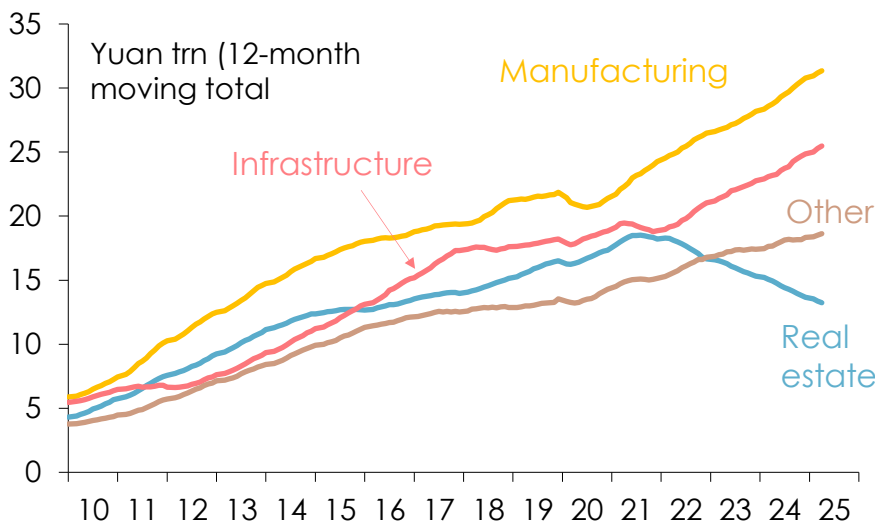
Bank lending



Production of selected 'high-tech' items



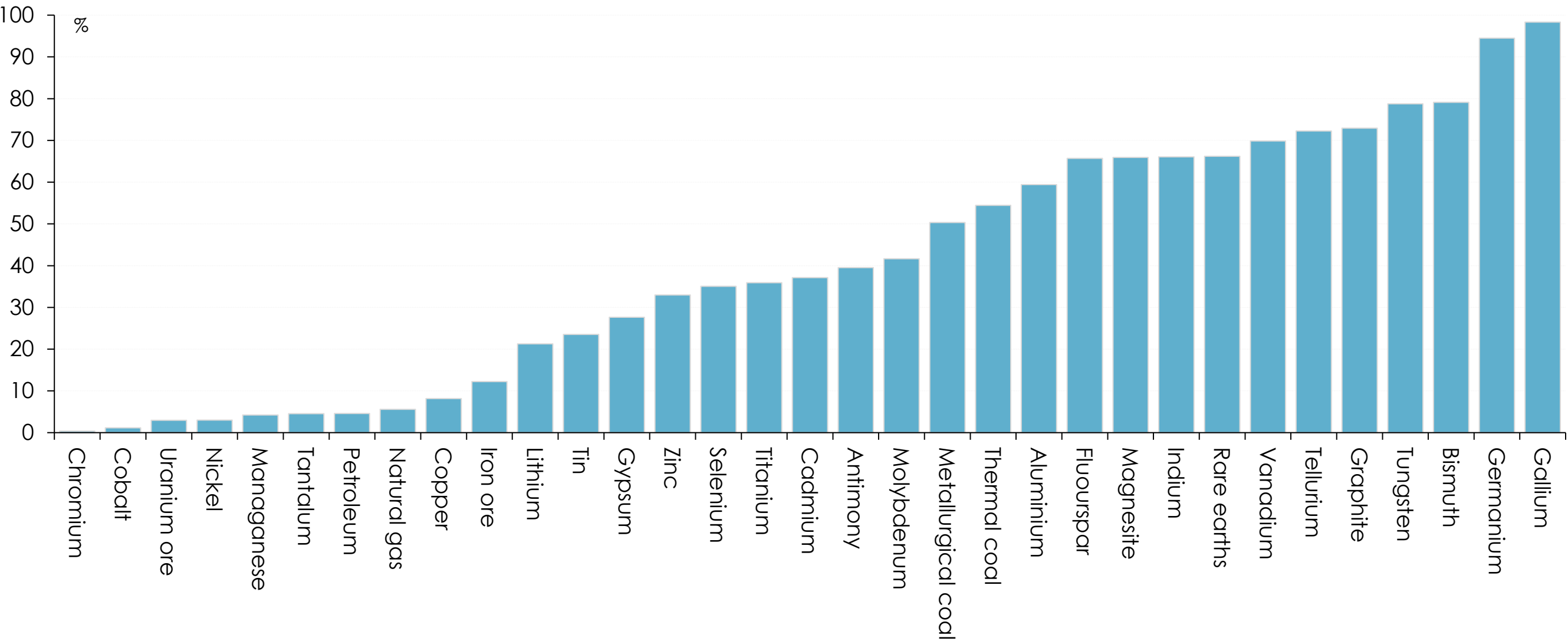
Fixed asset investment



Source: [People's Bank of China](#); [Western Australia Department of Treasury & Finance](#); [National Bureau of Statistics of China](#); Corinna.

China has a dominant position in the production of a large number of important mineral and energy resources

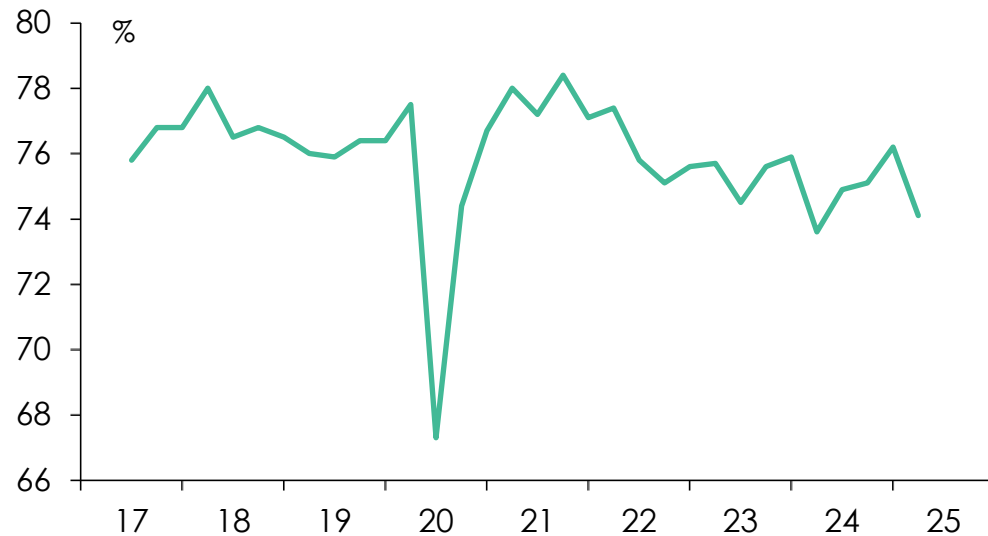
China's production of minerals and energy resources as a pc of world total, 2023



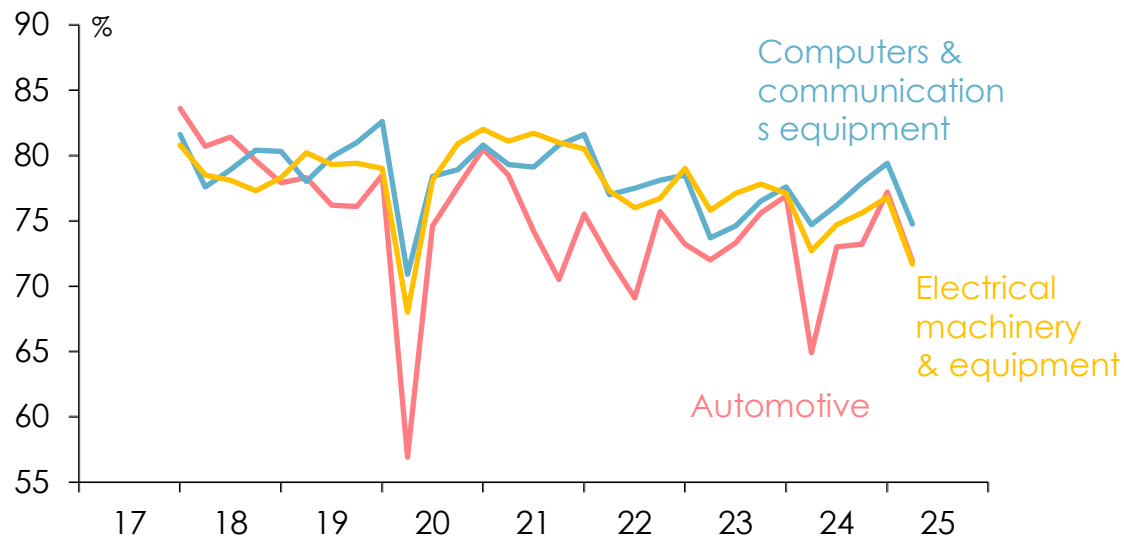
Source: Austrian Federal Ministry of Finance, [World Mining Data](#); Corinna.

China's 'over-capacity' problem is all due to 'involution' – but have no fear, Comrade Xi has the answers

Capacity utilization in industry



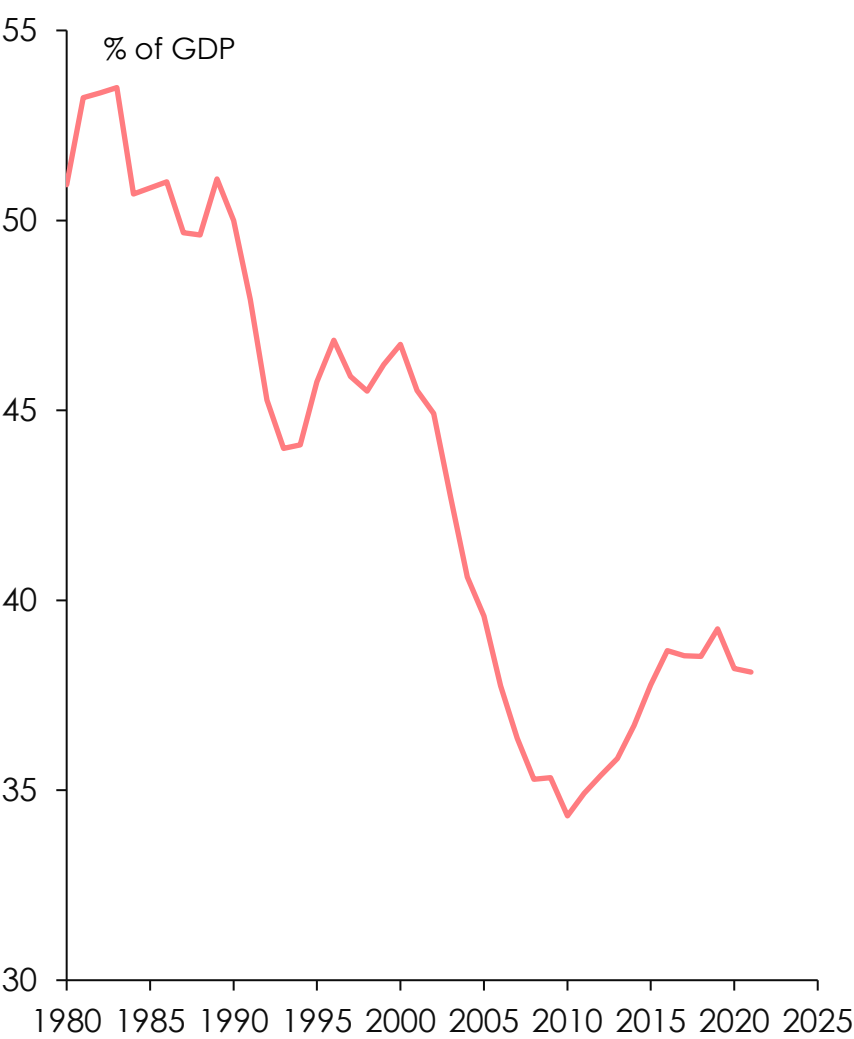
Capacity utilization rates by sector



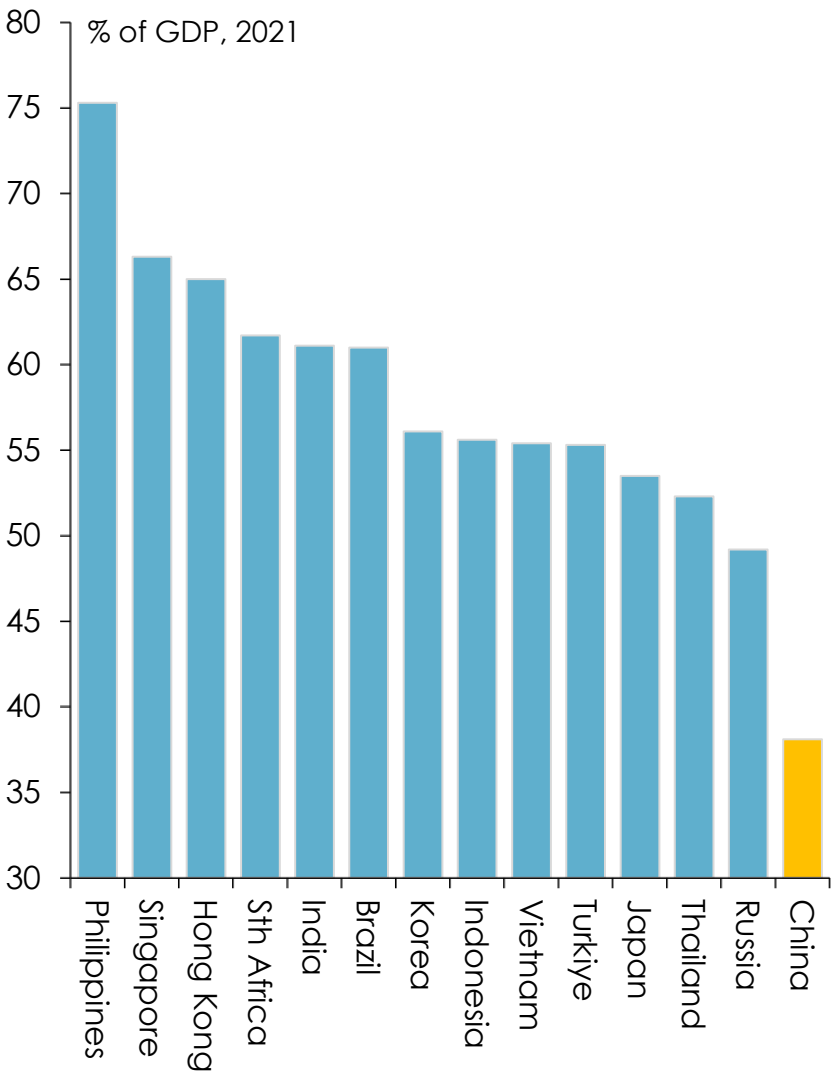
- ❑ The official 'party line' is that 'over-capacity' is "the market's fault" – but recently some blame has shifted to local governments preventing the exit of unprofitable businesses
- ❑ According to an op-ed in the [People's Daily](#) on 29th June, "disorderly price wars and homogeneous competition have become prominent manifestations of 'involution' competition in some industries"
- ❑ And an article in [Qiushi](#) on 1st July castigates local governments for "artificially creating policy havens to attract enterprises and cultivate industries, irregularly implementing unfair and non-universal preferential policies regarding taxes, fees, subsidies, and land use, leading to disorderly competition" and for "blindly launching emerging industries and key industries, causing massive redundant construction and overproduction within industries"
- ❑ And (of course) "the Party Central Committee with Comrade Xi Jinping as the core has deployed a comprehensive rectification of 'involutional' competition"
 - "breaking the 'involution' competition is an inevitable requirement for strengthening the domestic cycle and building a unified national market"

In principle, China could sustain stronger growth by lifting household spending, but that won't happen while households feel obliged to save

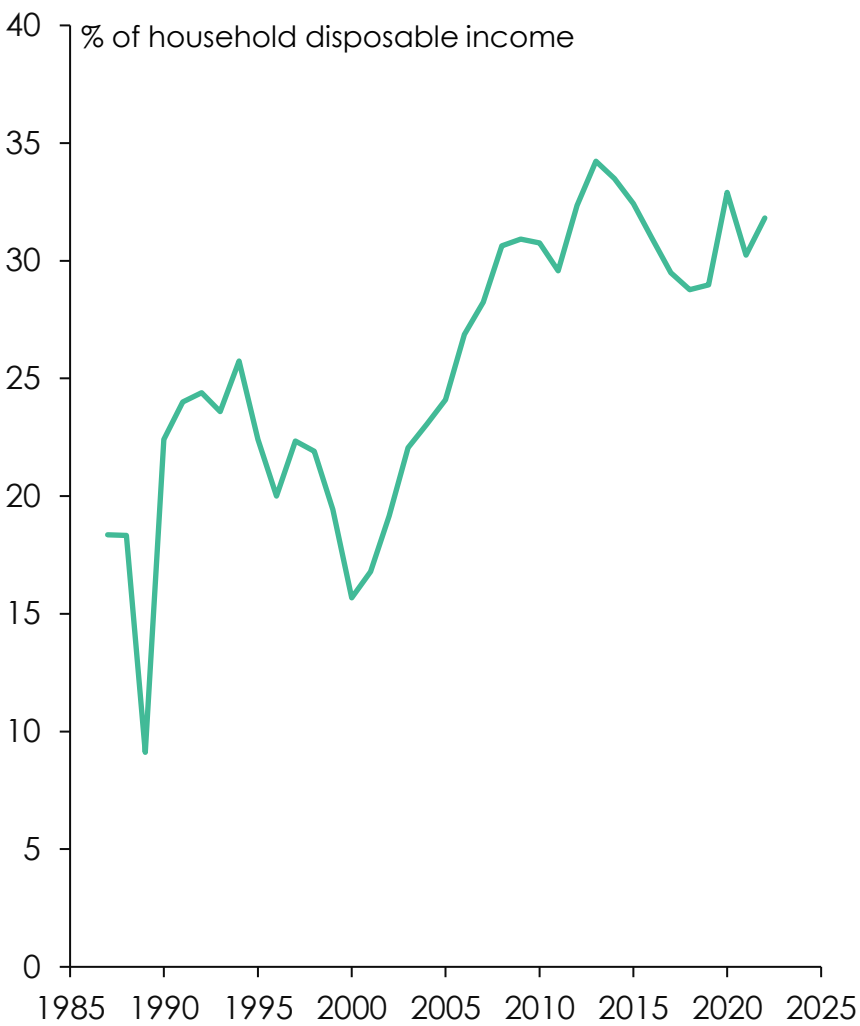
China household consumption as a pc of GDP



Household consumption as a pc of GDP, China & other countries



China household savings rate



Sources: The World Bank [Data](#); Oxford Economics, [China](#).

The World Bank (among others) has for years been recommending lifting SOE dividends to pay for a social safety net – but China doesn't want to

Effective Discipline with Adequate Autonomy: the Direction
for Further Reform of China's SOE Dividend Policy

The World Bank¹ (7th July 2010)



WP/18/277

IMF Working Paper

China's High Savings: Drivers, Prospects, and Policies

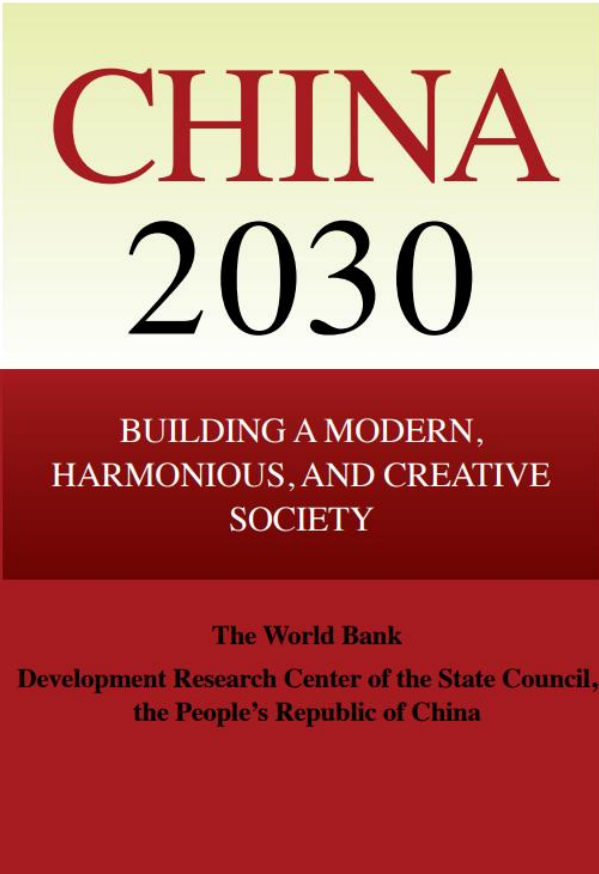
by Longmei Zhang, Ray Brooks, Ding Ding, Haiyan Ding,
Hui He, Jing Lu, and Rui Mano
(December 2018)



CHINA ECONOMIC WATCH

SOE Dividends and Economic Rebalancing

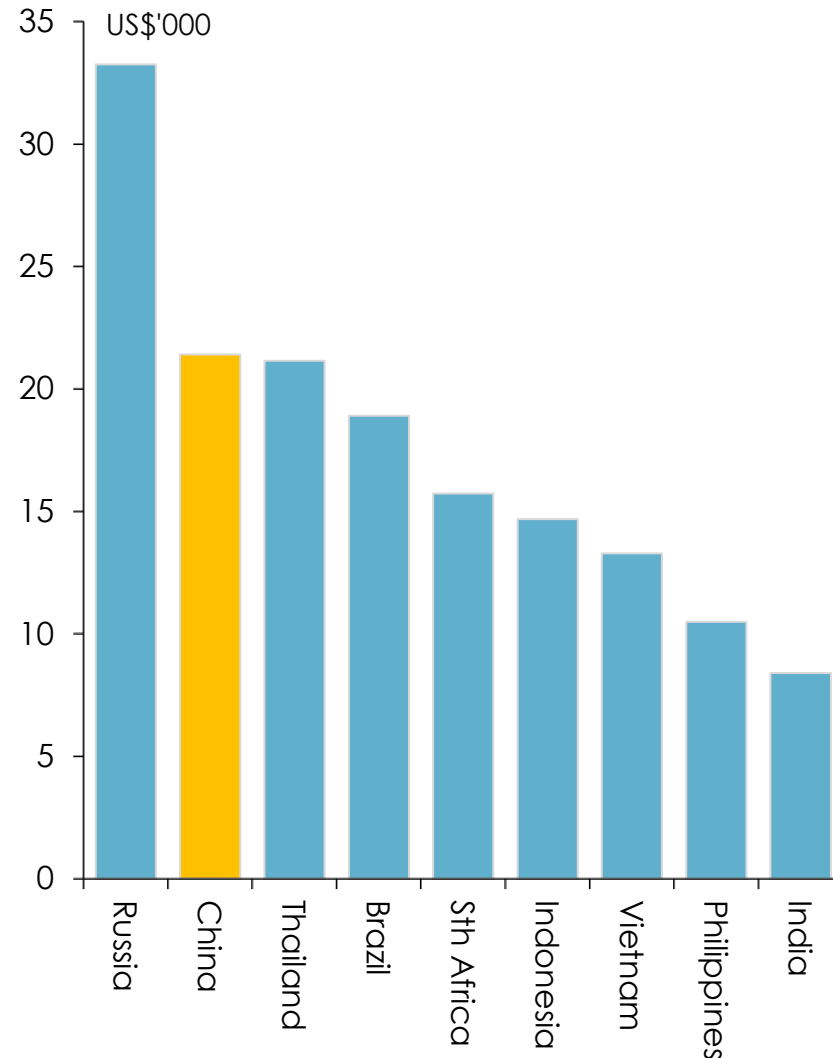
Nicholas Borst (Federal Reserve Bank of San Francisco)
May 11, 2012 8:30 AM



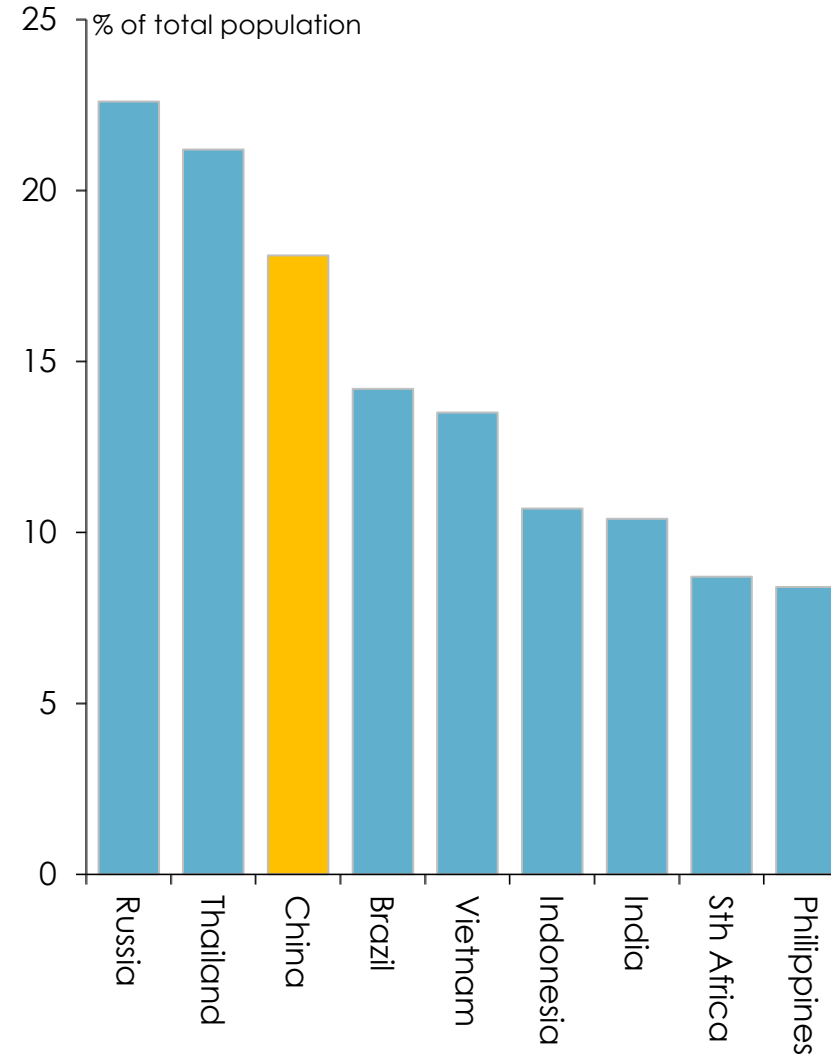
(2013)

For a country with its average income and demographic profile, China doesn't spend much on social security – one reason for high saving

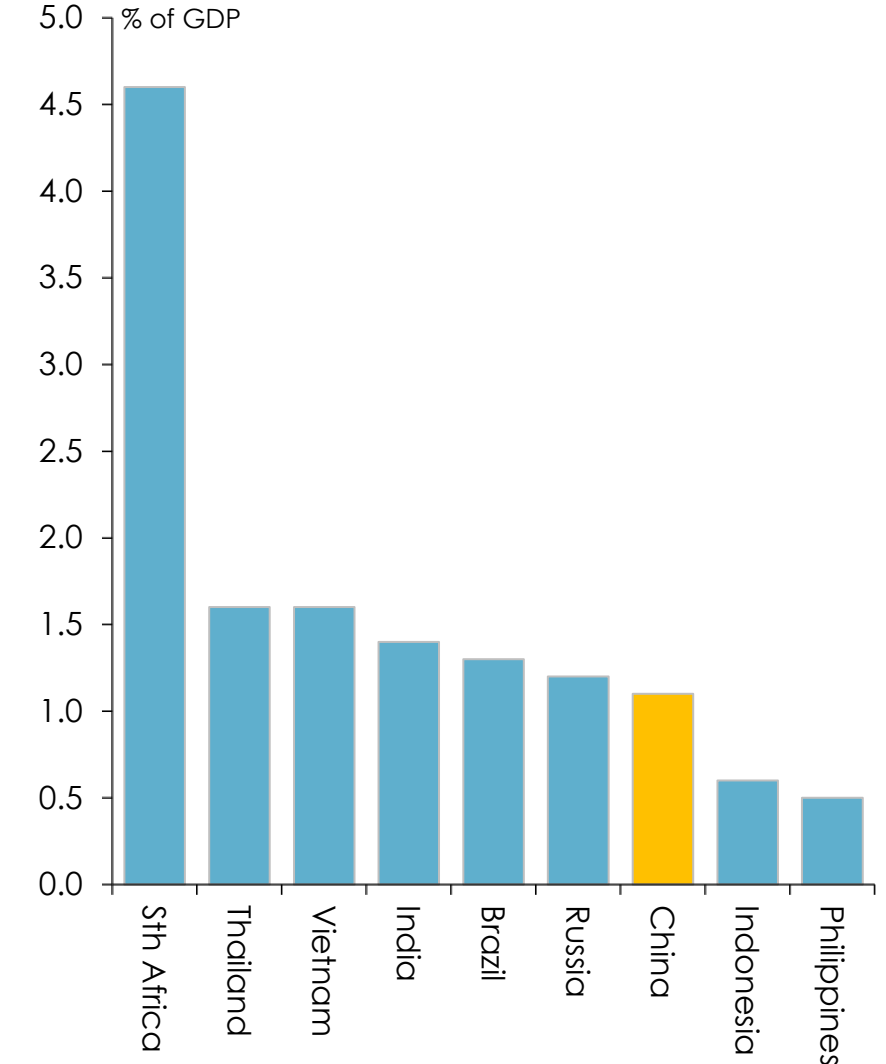
Per capita GDP (at purchasing power parities, 2021)



Population aged 60 or over, as a pc of total, 2021



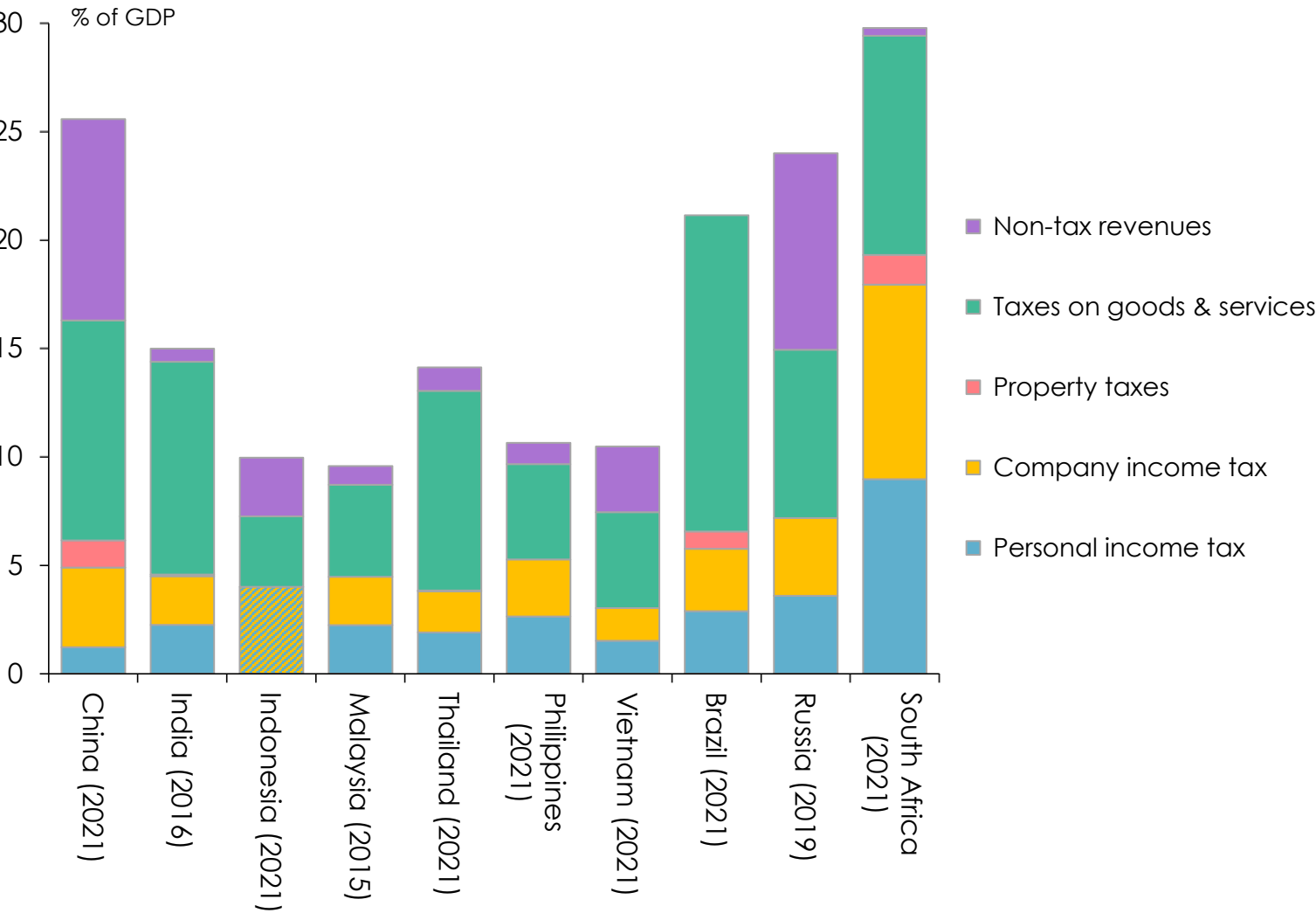
Social assistance spending as a pc of GDP, 2015-16



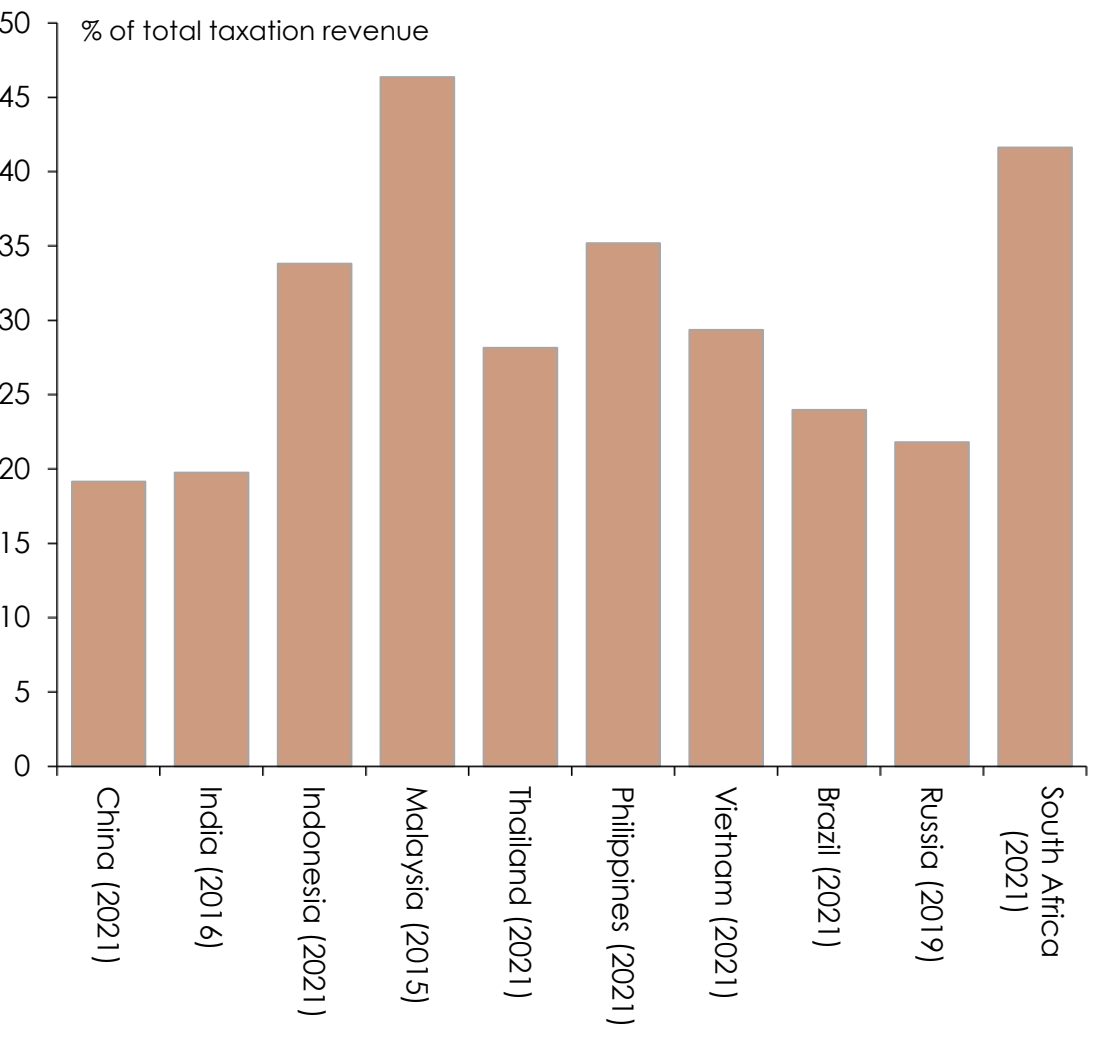
Sources: International Monetary Fund, [World Economic Outlook database](#), April 2024; United Nations Department of Economic and Social Affairs, [World Population Prospects](#), 2022; The World Bank [ASPIRE Social Protection Expenditure Indicators](#).

Likewise, for an ostensibly and overtly ‘socialist’ country China makes surprisingly little use of ‘progressive’ taxation instruments

Composition of government revenue – China, other ‘emerging’ Asian economies and ‘BRICS’



Taxes on income, profits and capital gains as a pc of total taxation revenue



Note: Non-tax revenues includes 'social contributions'. Source: UN University, [UNU-WIDER Government Revenue Dataset](#), Version 2023.

What's happening in Chinese politics?

- ❑ Xi Jinping commenced his third five-year term as China's President in March 2023, making him China's longest-serving ruler since Mao Zedong
 - the two-term limit enacted by Deng Xiaoping in 1982 was abolished by the National People's Congress at a session in March 2018, which also formally inserted 'Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era' into China's Constitution
- ❑ In contrast to the second term of former Presidents Jiang Zemin and Hu Jintao (during which their successors were each clearly known), there is no obvious successor to Xi
 - Xi is 'only' 72, so he could remain President for much longer, but when he does eventually "go to meet Marx", there could be a battle for succession similar to that which followed the death of Mao in 1976 (which lasted for three years)
- ❑ Xi Jinping has placed far more emphasis on 'security' (both internal and external) than his predecessors
 - and this has been to at least some extent at the expense of economic growth
- ❑ Officially, Xi's 'Thought on Economy' provides “scientific answers to epochal questions of building a modern socialist country and cracking a series of development problems”, with “modernization ... consolidated through high-quality development”, achieved through “comprehensive ... in-depth reform” and “higher-level opening up”
 - in practice, what has become known as 'dual circulation' places a lot of emphasis on 'decoupling' from 'the West' through import replacement and re-directing exports to the 'Global South'
 - while there have been some recent moves to foster consumer spending (in particular subsidies for trade-ins of home appliances and purchases of 'digital products') there is still strong resistance to broader measures to boost consumption
- ❑ China continues to step up pressure on Taiwan through increased military activity around the island, more frequent demonstrations of military capabilities, and increasingly bellicose rhetoric
 - despite all that, it's far from clear that China is preparing to invade Taiwan in 2027 as the US asserts

Very senior political and military figures keep ‘disappearing’



Li Yuchao
PURGED

Former PLA Rocket Force Commander, expelled from CCP in June 2024



Zhang Zhenzhong
PURGED

PLA Rocket Force Deputy Commander, expelled from CCP in June 2024



He Weidong
MISSING

Vice-Chair of the CMC (Central Military Commission) not seen since 11 March



Miao Hua
PURGED

Admiral, CMC member & Director of Political Work Department, suspended November 2024



You Haitao
PURGED

Former Deputy Commander of PLA Ground Force, ousted from NPC Dec 2024



Zhu Hengpeng
DISAPPEARED

Director of Public Policy Research at China Academy of Social Sciences, not seen since April 2024



Li Shangfu
PURGED

Former Defence Minister, expelled from Politburo in June 2024



Qin Gang
PURGED

Former Foreign Minister, dismissed July 2024, working at a MFA ‘publishing house’



Wu Guohua
DECEASED

PLARF Deputy Commander, died by suicide in July 2023



Wang Shaojun
DECEASED

Former head of Central Security Bureau, died April 2023 due to ‘ineffective medical treatment’



Li Pencheng
PURGED

Vice-Admiral, in charge of Southern Theatre Command, ousted Dec 2024



Xu Zhongbo
DISAPPEARED

PLARF Political Commissar, dismissed July 2023

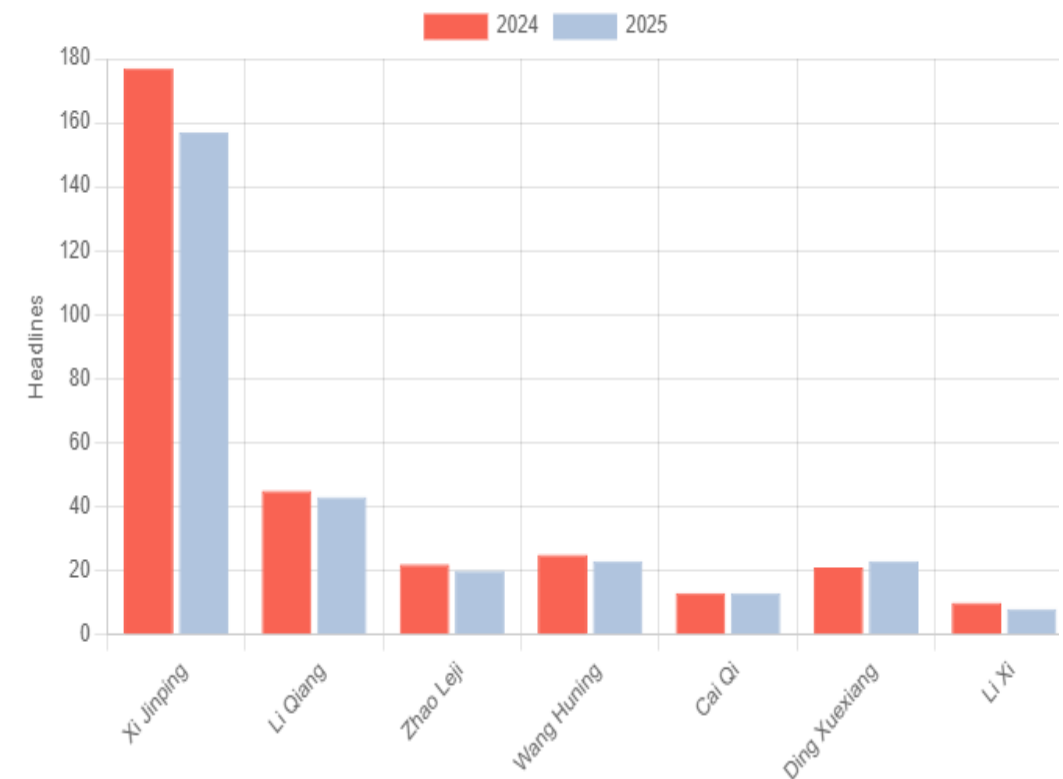
- ❑ A large number of very senior political and military figures have been purged or otherwise vanished in the past two years
- ❑ Some of these (especially the senior military officers) have been accused of corruption – others (including Zhu) of criticizing Xi Jinping
- ❑ Some 26,000 people have been placed in *liuzhi* – an ‘investigative mechanism’ instituted in 2018 allowing the Central Commission for Discipline Inspection to be detained, in solitary confinement, for up to six months without judicial oversight or appeal

These and other developments have prompted some speculation about Xi Jinping's grip on power

- ❑ There's been some recent speculation (not for the first time) that Xi Jinping's absolute power may be waning:
 - based on his lack of involvement in trade negotiations with the US, and in the recent announcement of new policies to boost social welfare, his absence from a recent ceremony in which Premier Li Qiang and other senior officials 'pledged allegiance' to the State Constitution, and fewer references to 'Xi Jinping thought' in official media
 - as well as the continuing rapid turnover of senior PLA leaders and other officials
 - and his decision to skip the BRICS summit in Rio de Janeiro this week (the first time he hasn't attended)
 - some even suggested that his daughter Xi Mingzie's attendance at a state dinner for visiting Belarusian President Alexander Lukashenko in early June (which is unusual) was a signal that Xi is 'thinking about succession'
- ❑ However, a 'count' of media mentions in the *People's Daily* doesn't suggest any decline in Xi's pre-eminence, nor an increase in anyone else's

Politburo Standing Committee member mentions in the *People's Daily*

April-June comparison: 2024 vs 2025 front-page headline appearances (2025 includes June 26)

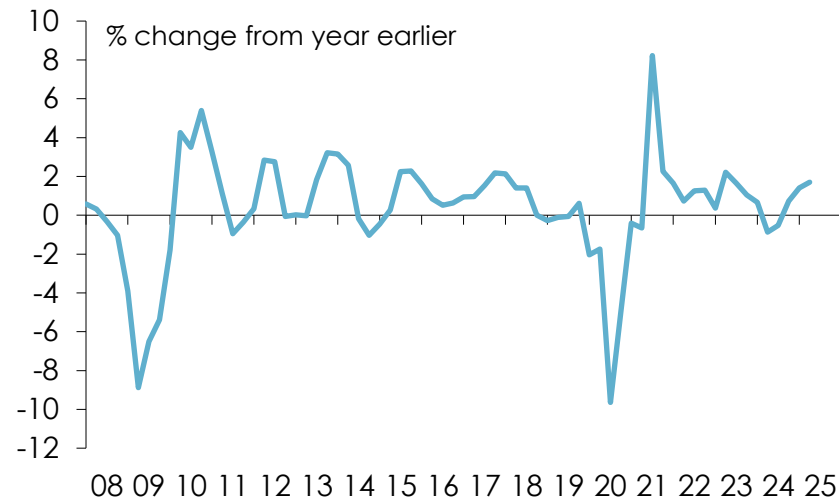


Sources: Willy Wo-Lap Lam, [Personnel Problems Are Becoming Personal Problems for Xi Jinping](#), Jamestown Foundation, 23rd April 2025, and [Xi Jinping's Central Position in Official Media Starts to Erode](#), Jamestown Foundation, 21st June 2025; China Media Project, [Is Xi's Grip Holding?](#), 26th June 2025.

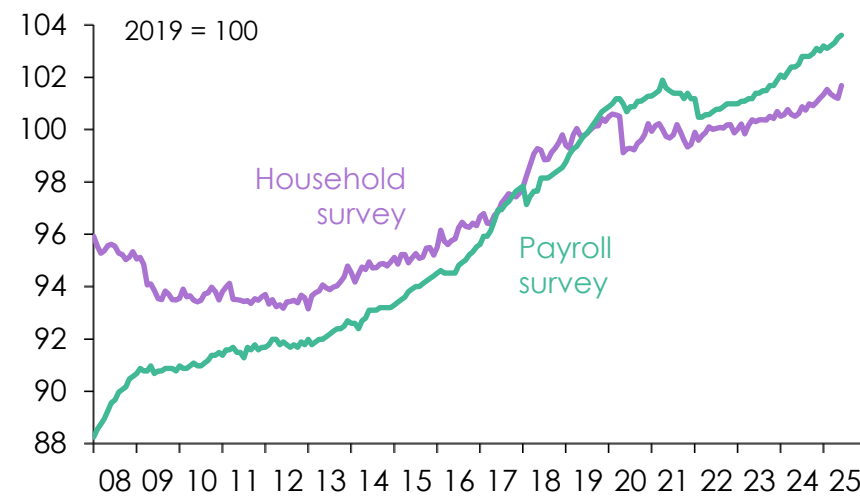
Japan

Japan is starting to look almost like a 'normal economy' again

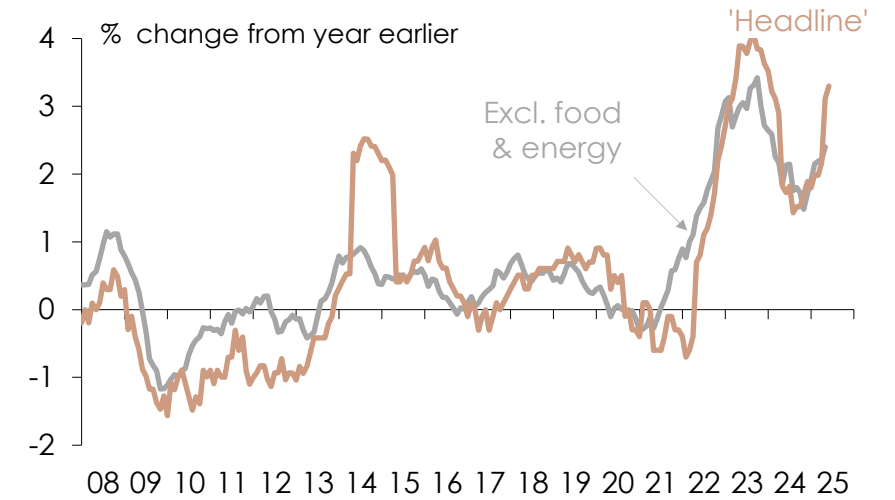
Real GDP growth



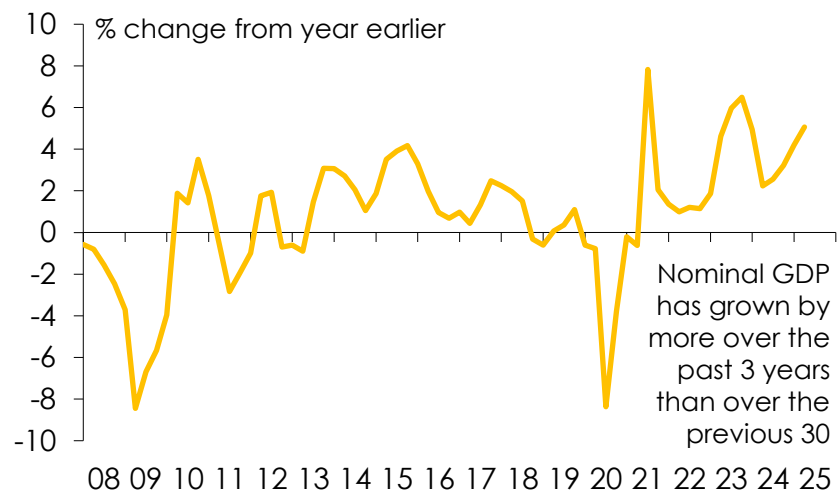
Employment



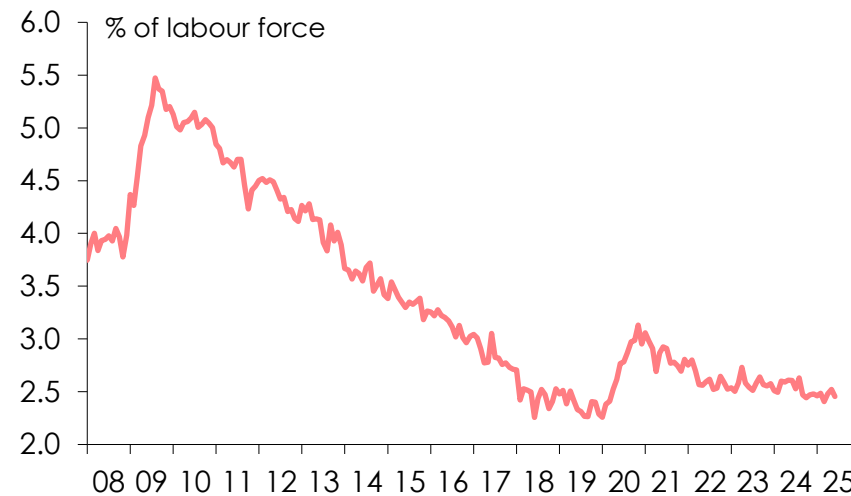
Consumer prices



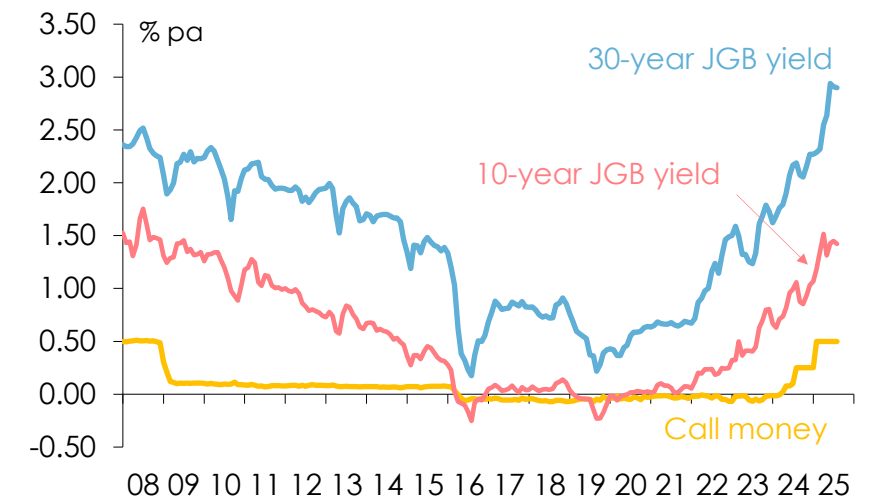
Nominal real GDP growth



Unemployment rate



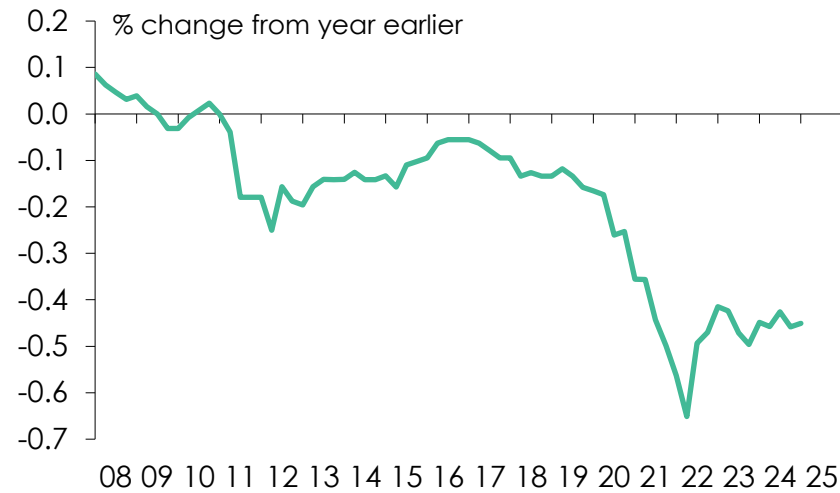
Interest rates



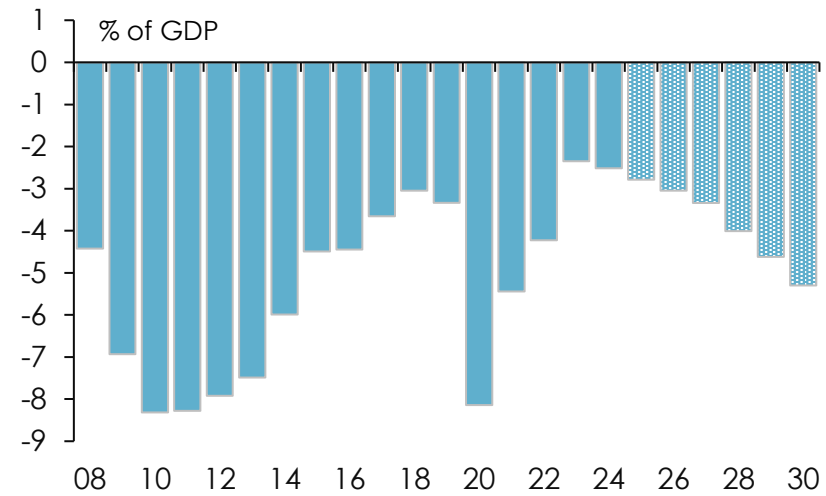
Sources: Japan Cabinet Office, [Quarterly Estimates of GDP](#); Statistics Bureau of Japan, [Labour Force Survey](#) and [Consumer Price Index](#); Bank of Japan, [Prices](#) and [Measures of Underlying Inflation](#); Refinitiv Datastream.

But in many ways Japan remains different ...

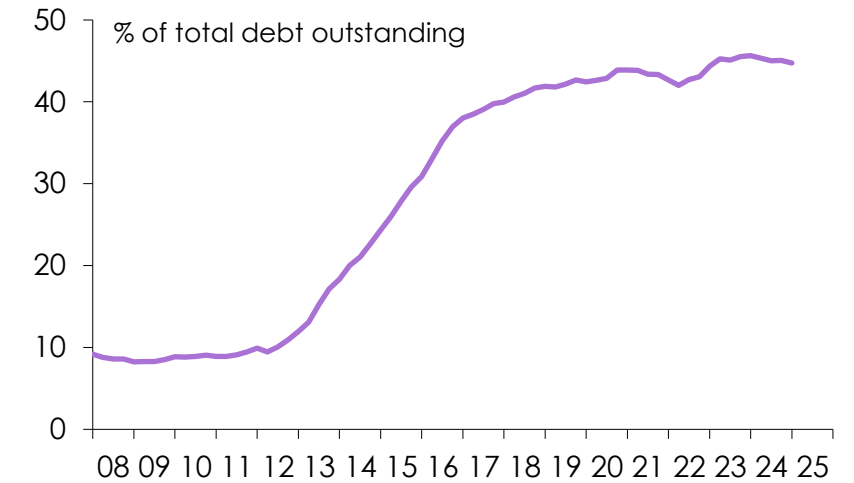
Population growth



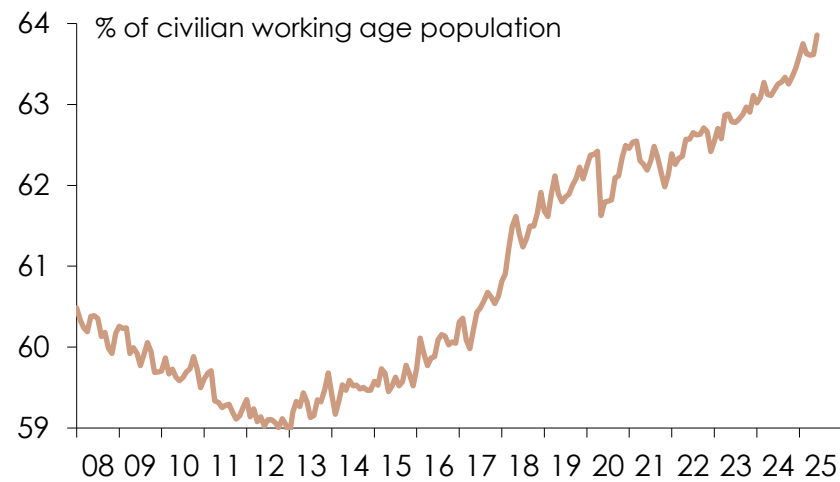
Structural budget balance



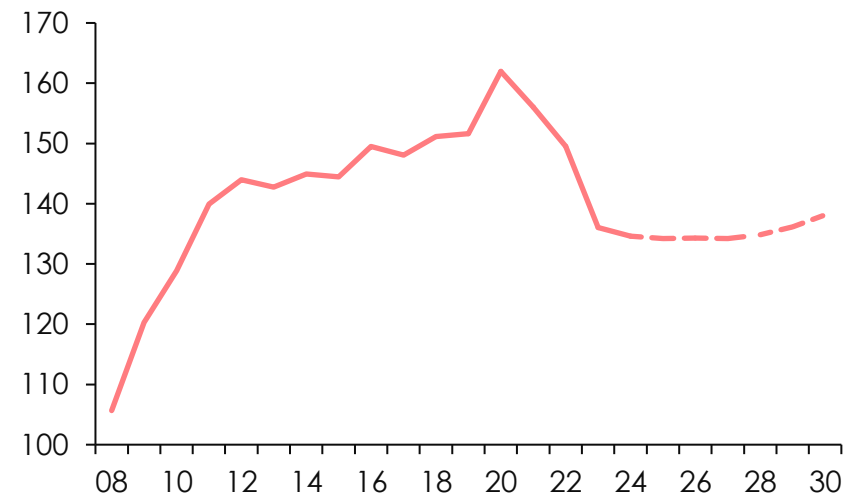
Government debt held by BoJ



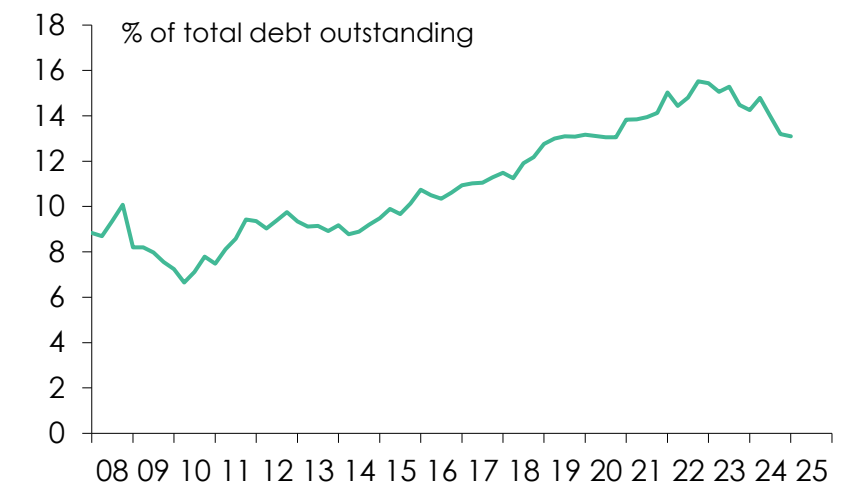
Employment-to-population ratio



Government net debt



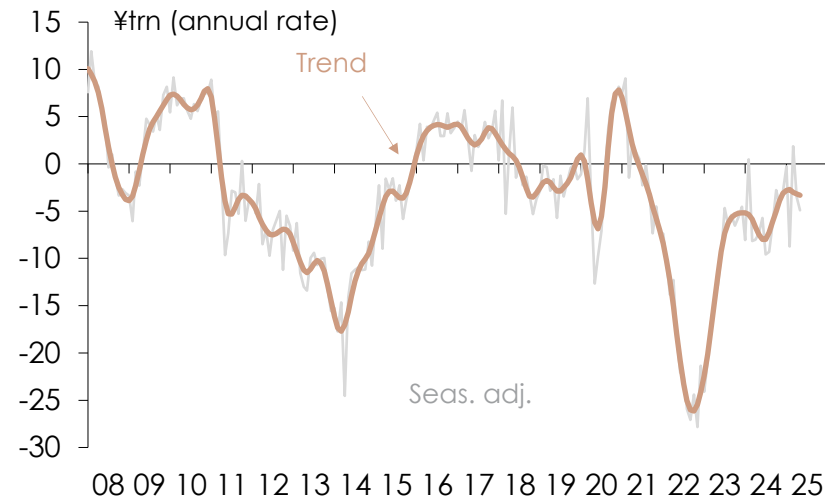
Government debt held by foreigners



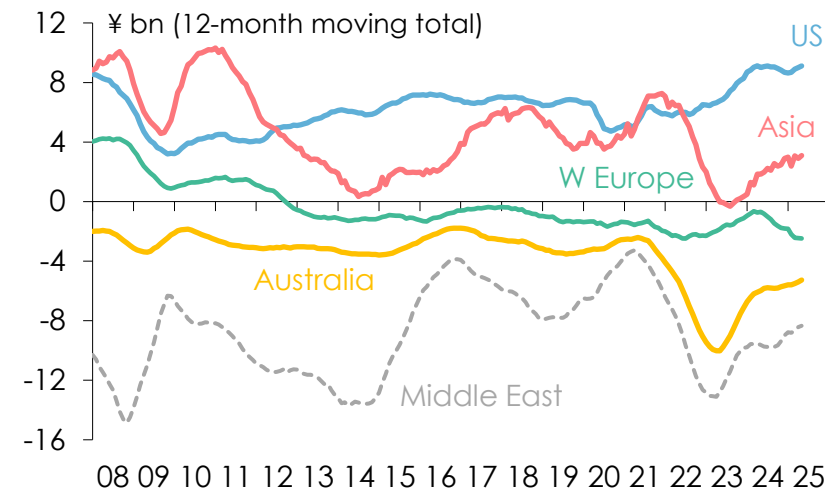
Sources: Japan Cabinet Office, [Quarterly Estimates of GDP](#); Statistics Bureau of Japan, [Labour Force Survey](#); IMF, [Fiscal Monitor](#), April 2025 and [Sovereign Debt Investor Base for Advanced Economies](#), May 2025.

Japan has been running trade deficits this decade, mostly due to terms-of-trade losses – but it runs surpluses with the US so it is in Trump's sights

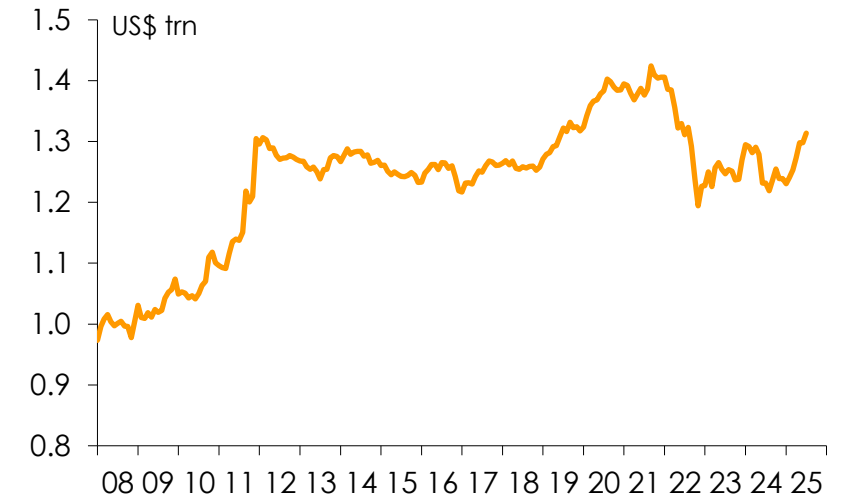
Merchandise trade balance



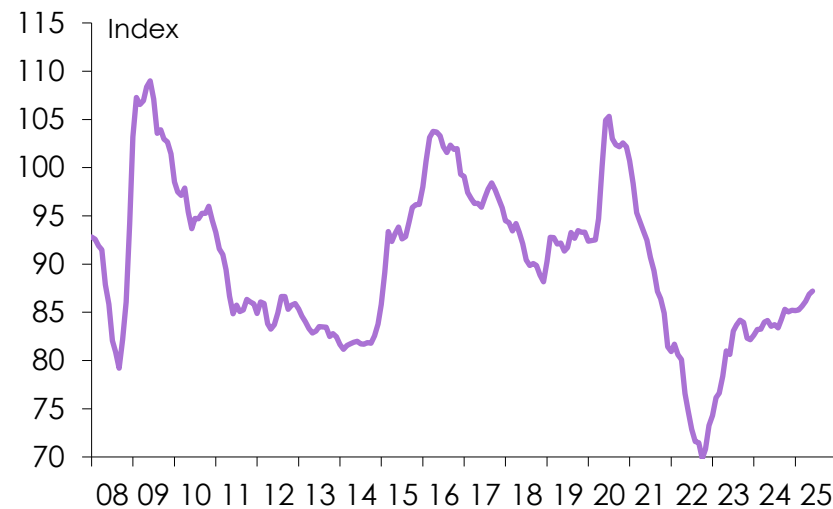
Bilateral trade balances



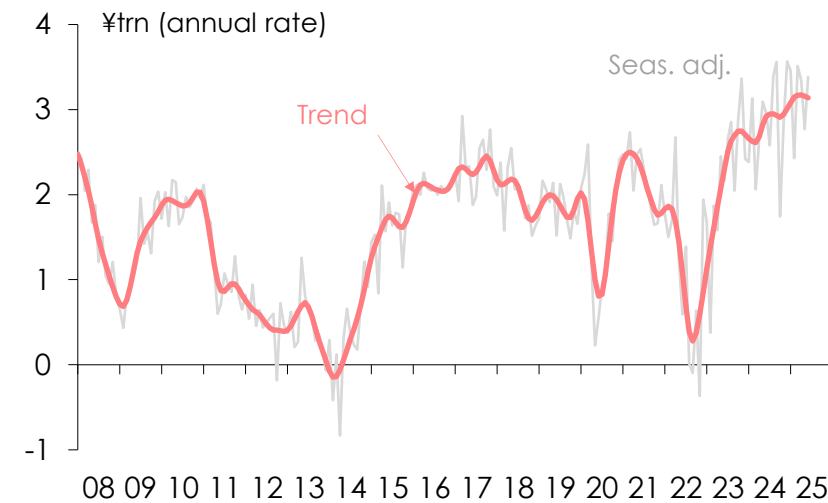
Foreign exchange reserves



Terms of trade



Current account balance



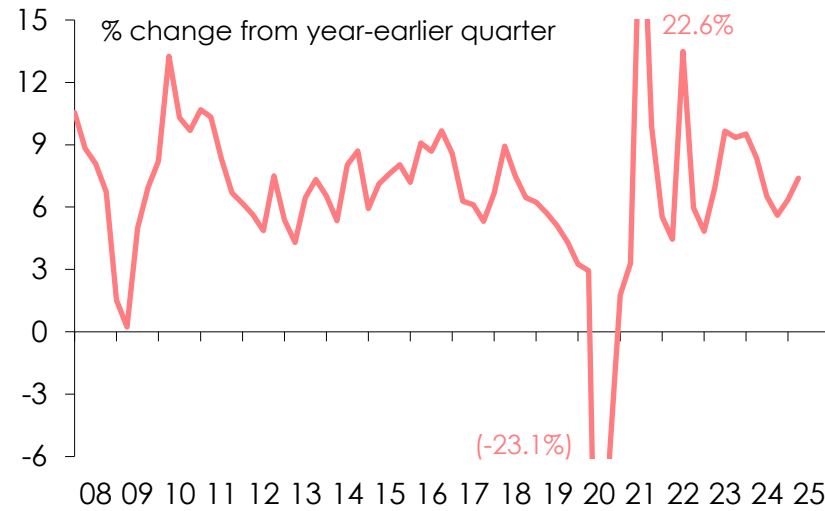
Yen vs US dollar



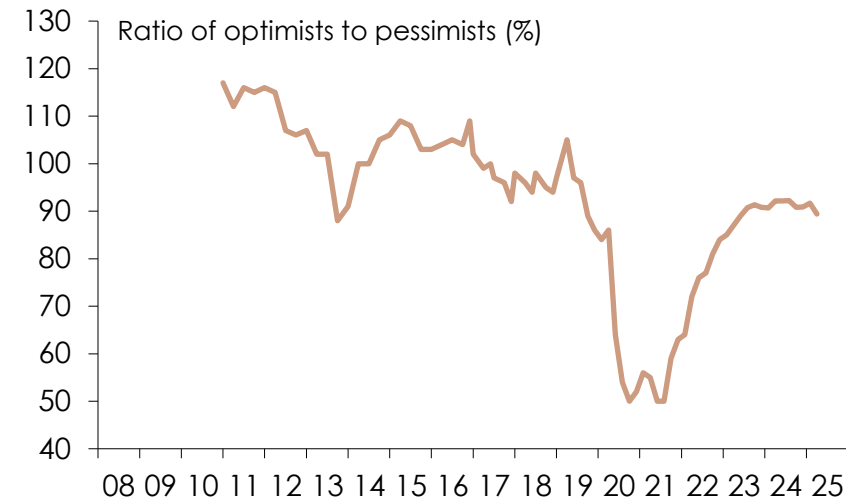
India

India's economic growth performance continues to fall short of expectations – but at least inflation and interest rates are coming down

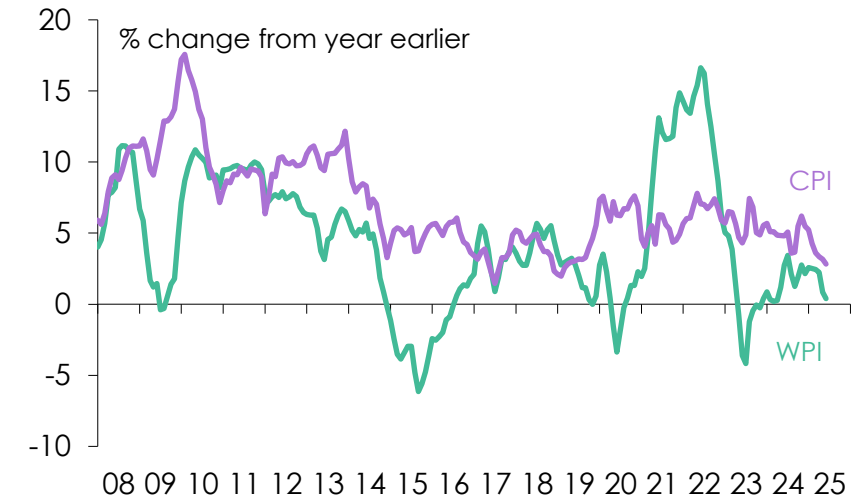
Real GDP growth



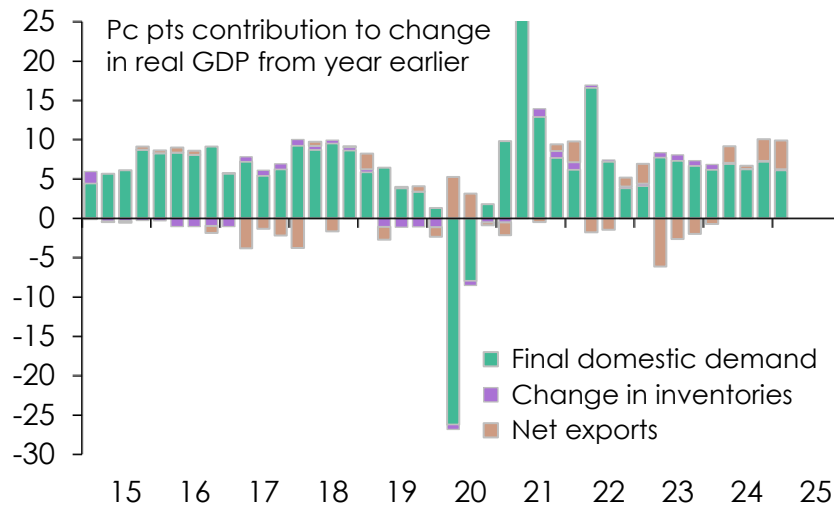
Consumer sentiment



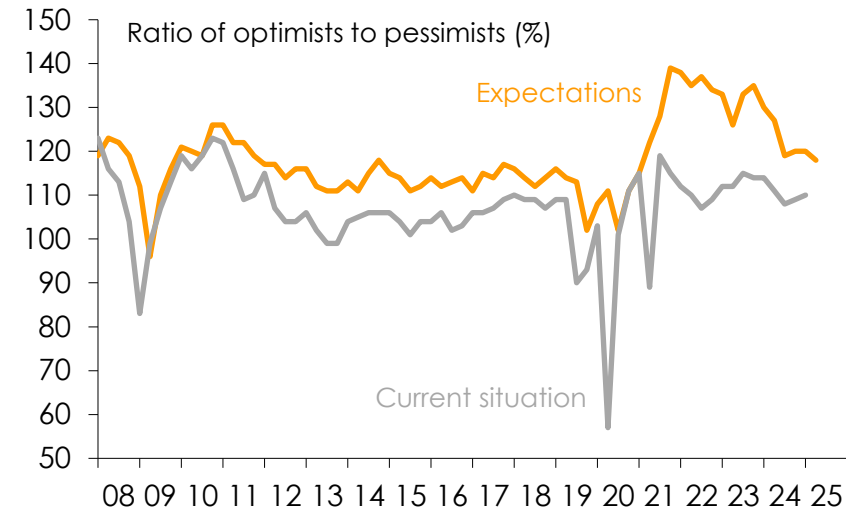
Inflation



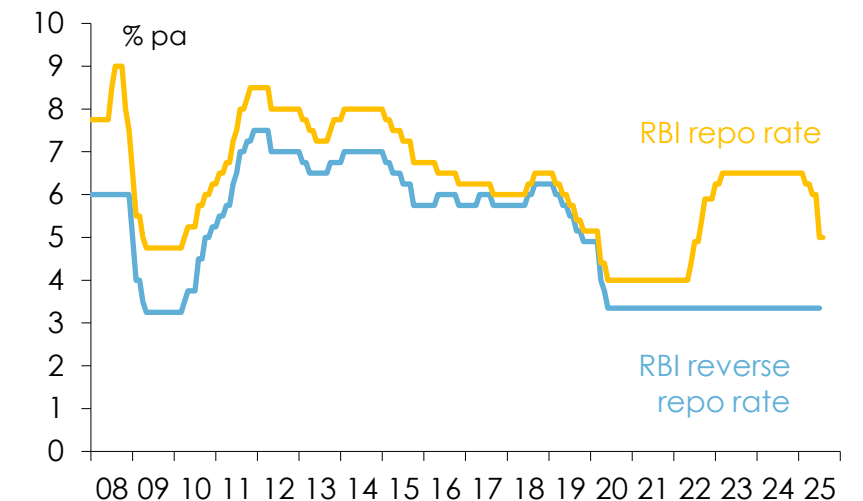
Contributions to real GDP growth



Business sentiment



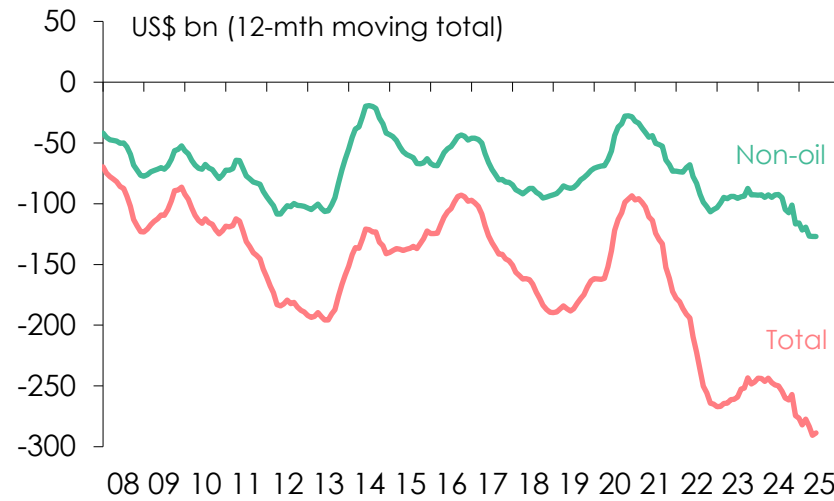
Interest rates



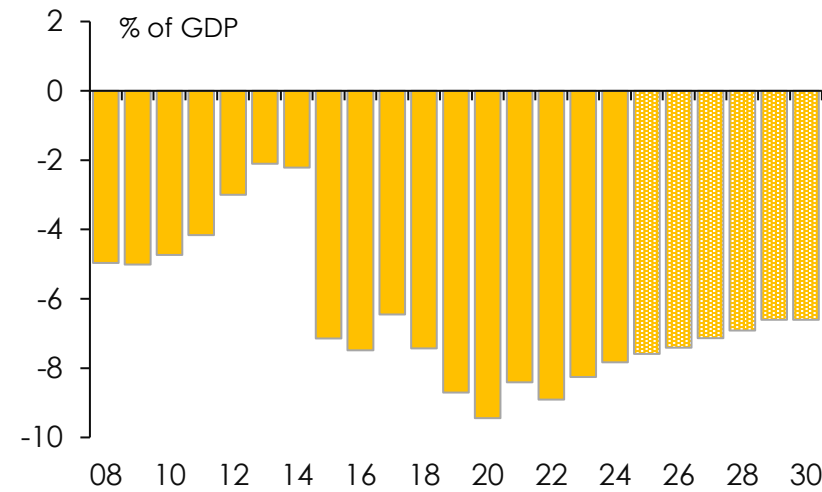
Sources: Ministry of Statistics and Programme Implementation, [National Accounts Data](#) and [CPI](#); Office of the Economic Advisor, Ministry of Commerce & Industry, [Wholesale Price Index](#); Reserve Bank of India, [Quarterly Industrial Outlook Survey](#) and [Consumer Confidence Survey Bi-Monthly](#); Reserve Bank of India, [Monetary Policy](#) and [RBI Bulletin](#).

India shows no sign of meaningfully addressing its “twin deficits” problem – but it may come under US pressure regarding its currency

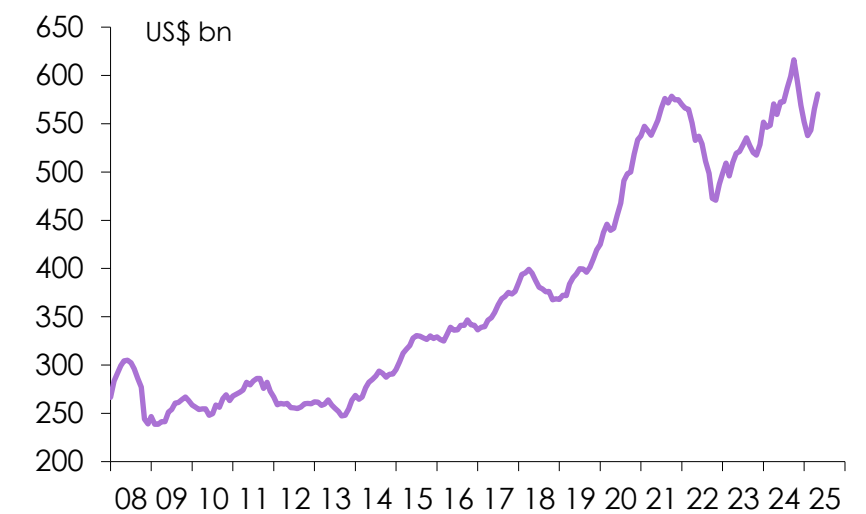
Merchandise trade balance



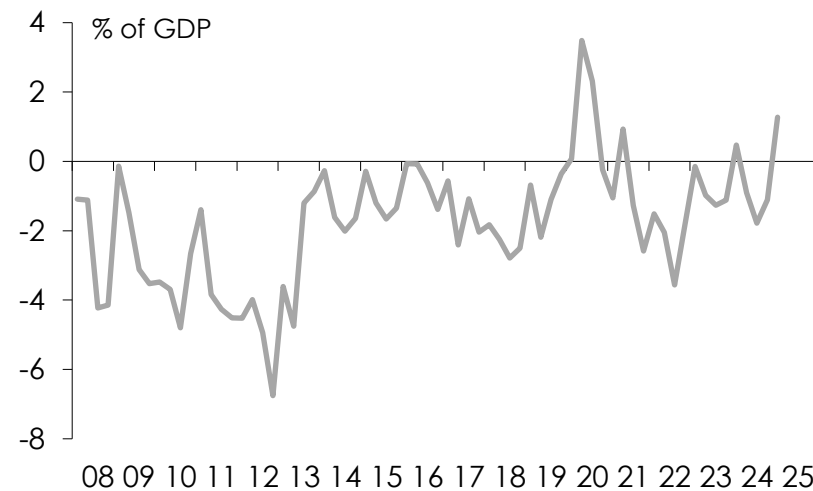
Structural budget balance



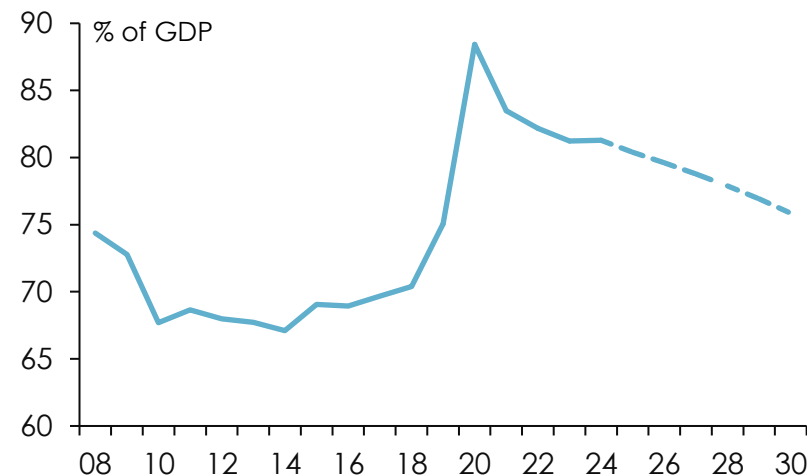
FX reserves



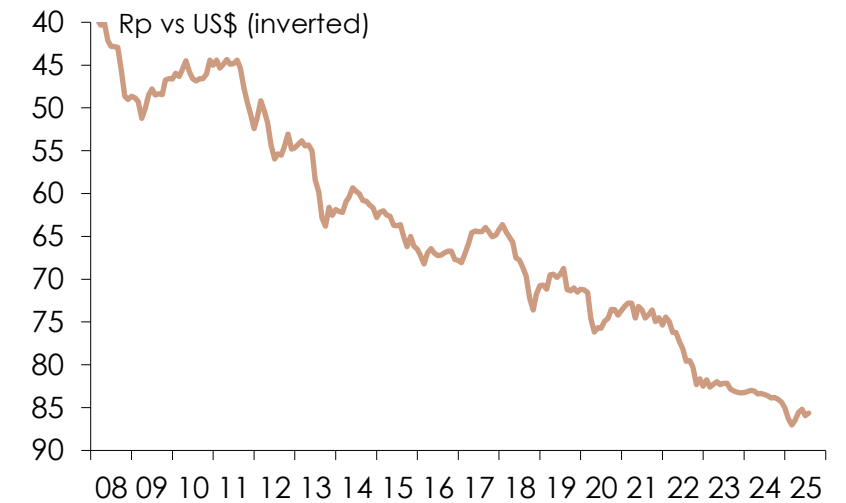
Current account balance



Government gross debt



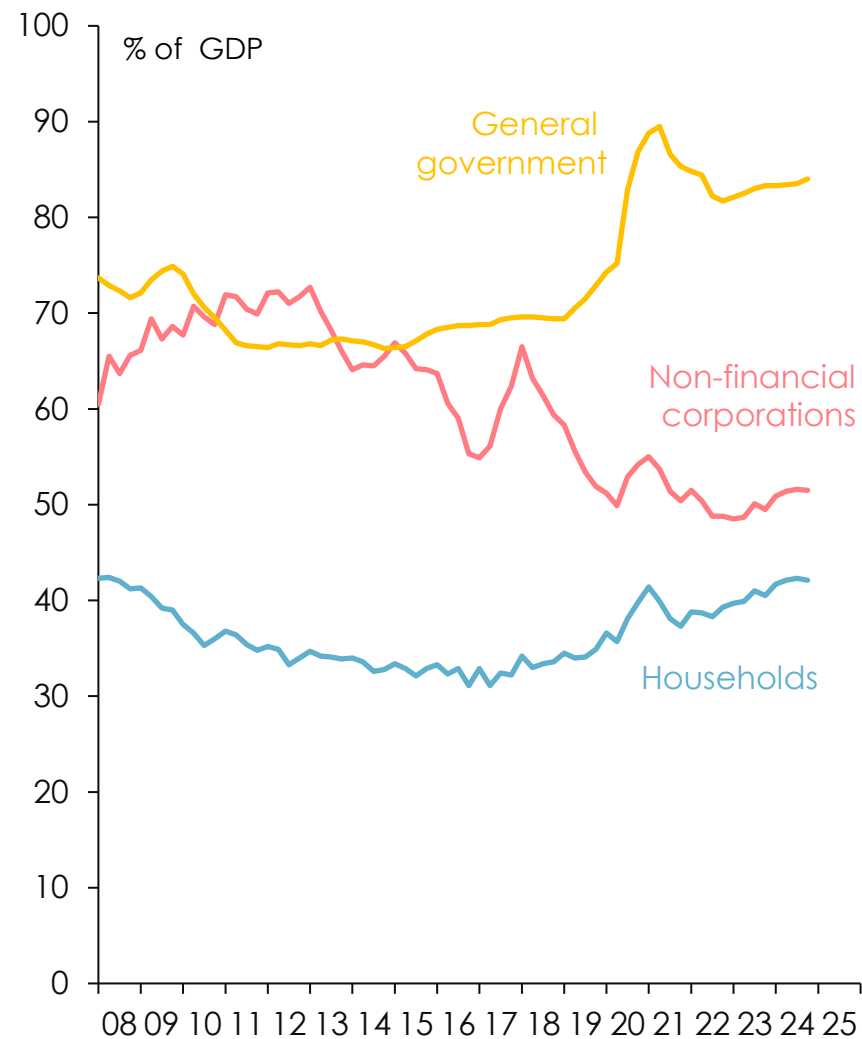
Indian rupee vs US dollar



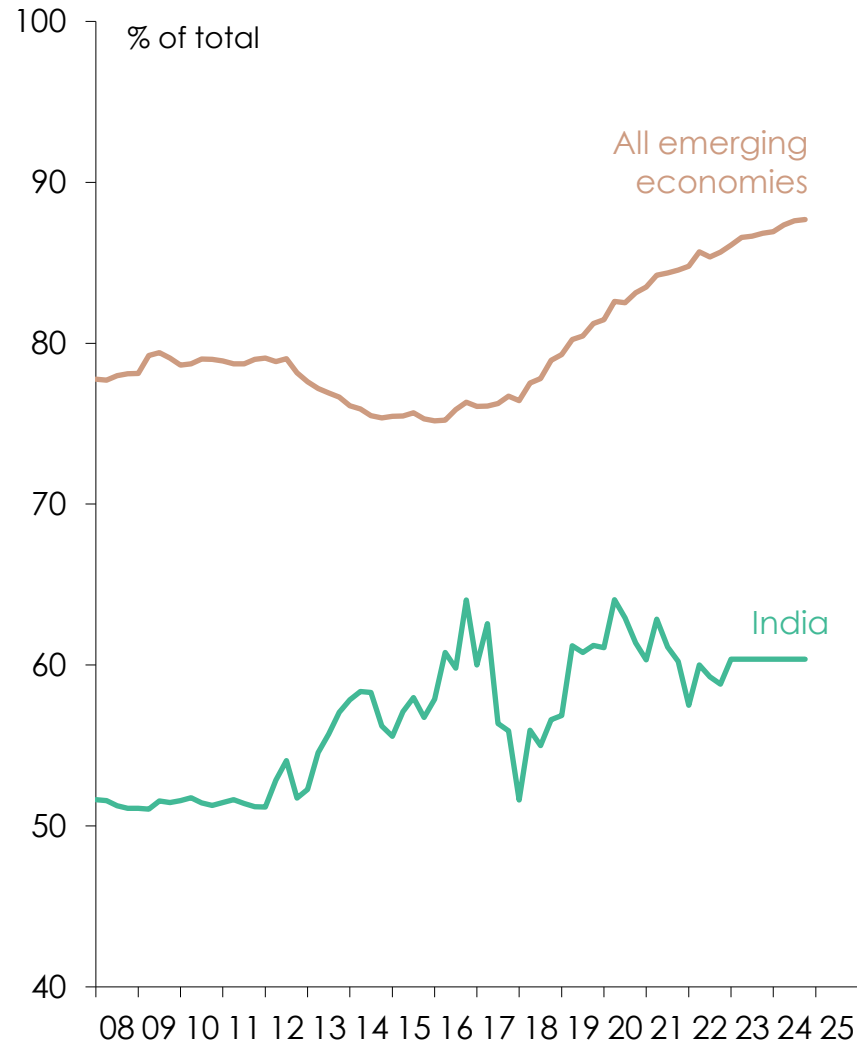
Sources: Ministry of Commerce and Industry, [Trade Statistics](#); Reserve Bank of India, [Special Data Dissemination Standards - Balance of Payments](#); IMF, [Fiscal Monitor](#), April 2025; Refinitiv Datastream.

On-going large budget deficits have ‘squeezed out’ private sector borrowing, but banks have improved their credit quality performance

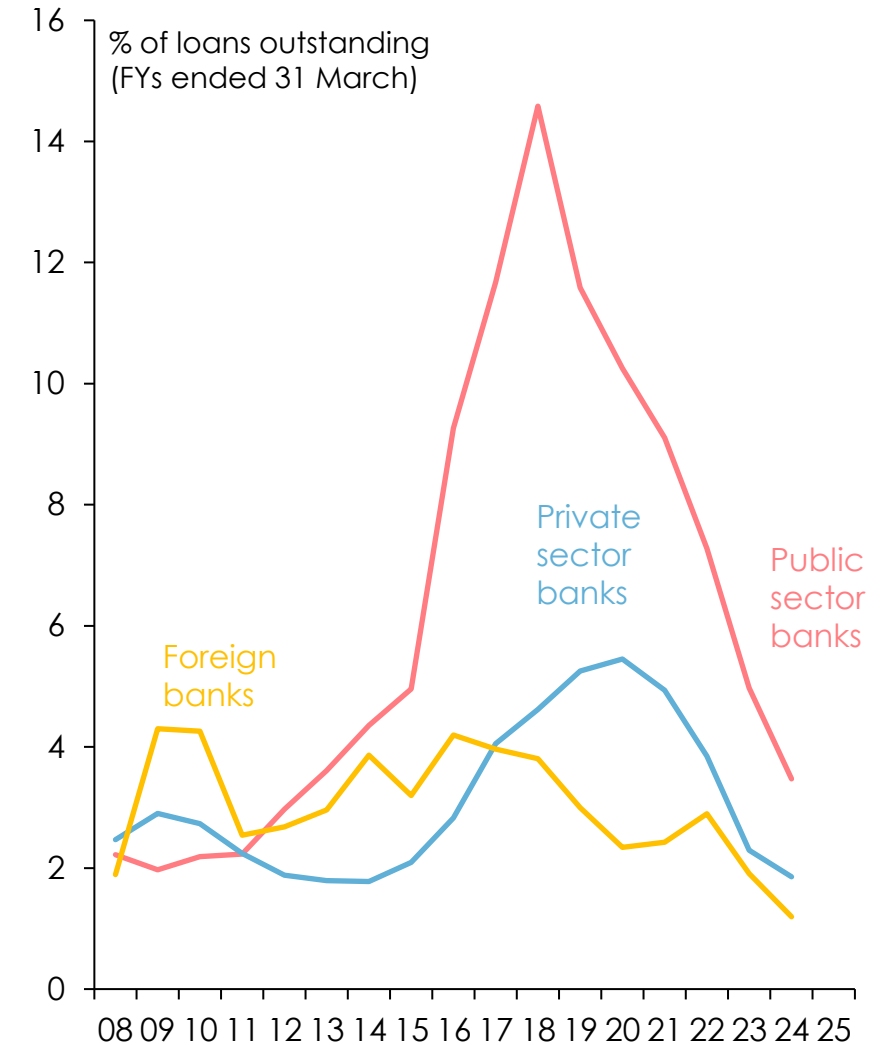
Credit outstanding as a percentage of GDP, by sector



Bank credit as a pc of total credit to the private non-financial sector



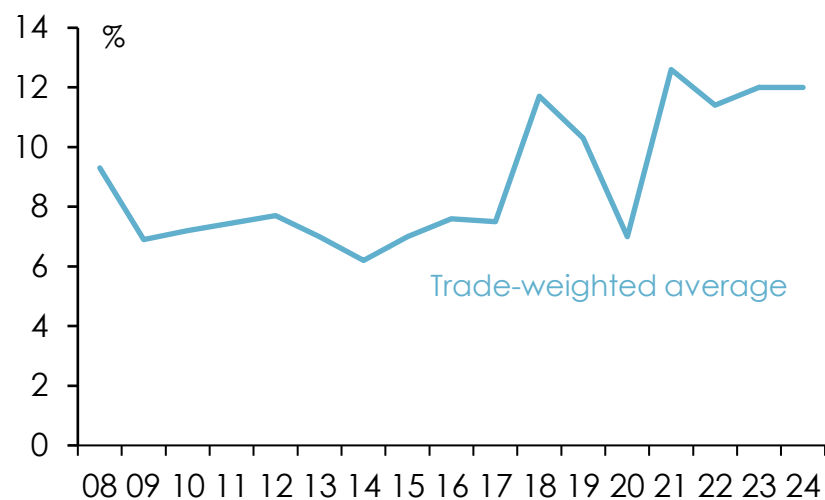
Banks' non-performing loan ratios



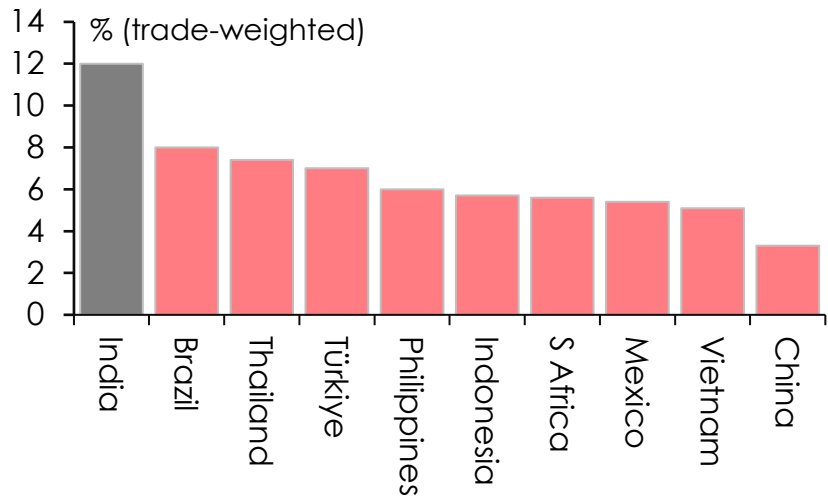
Note: the proportion of credit to the private non-financial sector provided by banks is shown as constant (to four decimal places) between the fourth quarter of 2022 and the third quarter of 2023. This is in the source data. Source: Bank for International Settlements, [Credit to the non-financial sector](#), September 2024; Reserve Bank of India, [Database on Indian Economy - Banking Performance Indicators](#).

India remains an instinctively protectionist economy

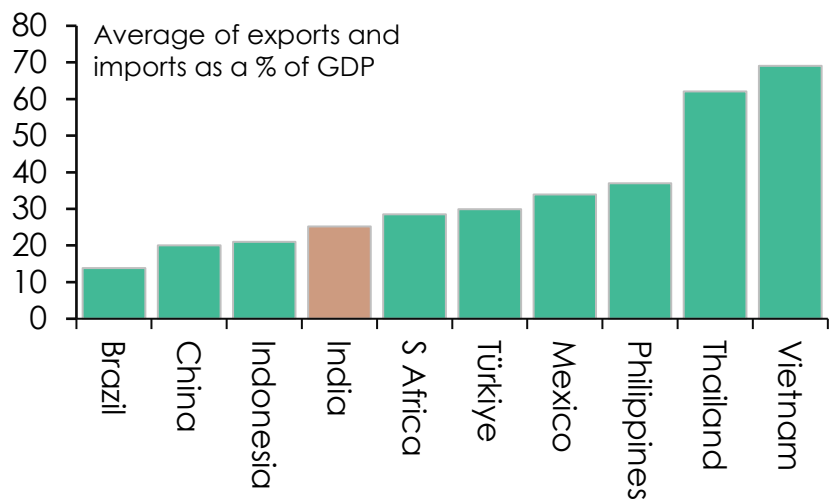
Average Indian tariff rates



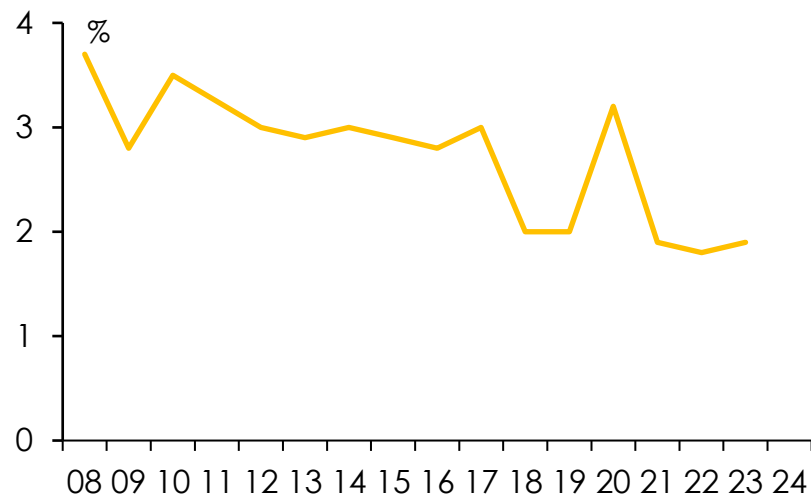
Average tariffs, 2024



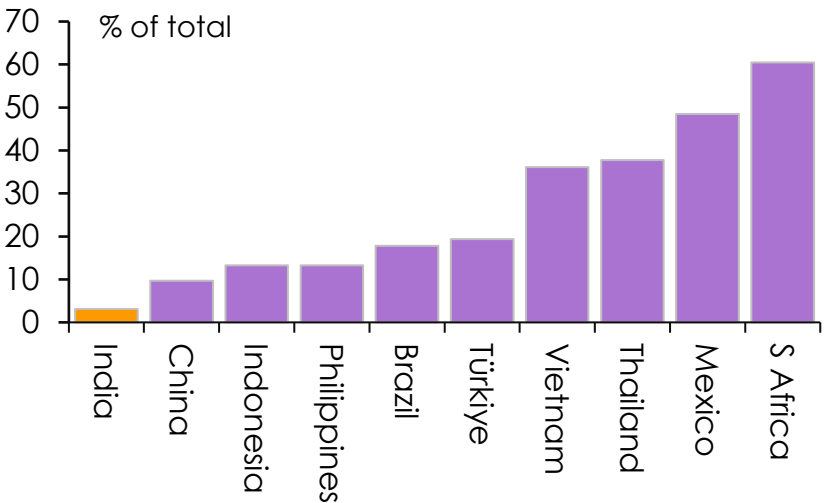
Trade in goods & services, 2023



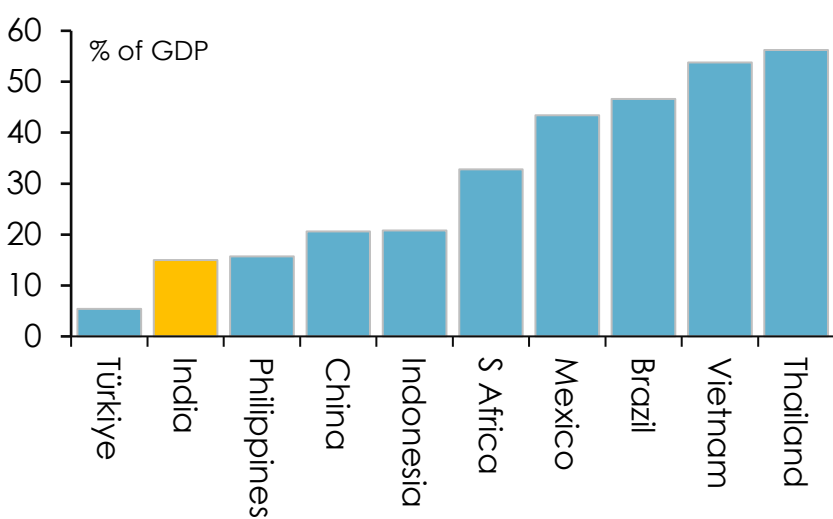
Proportion of imports duty-free



Duty-free imports, 2023



Stock of inward FDI

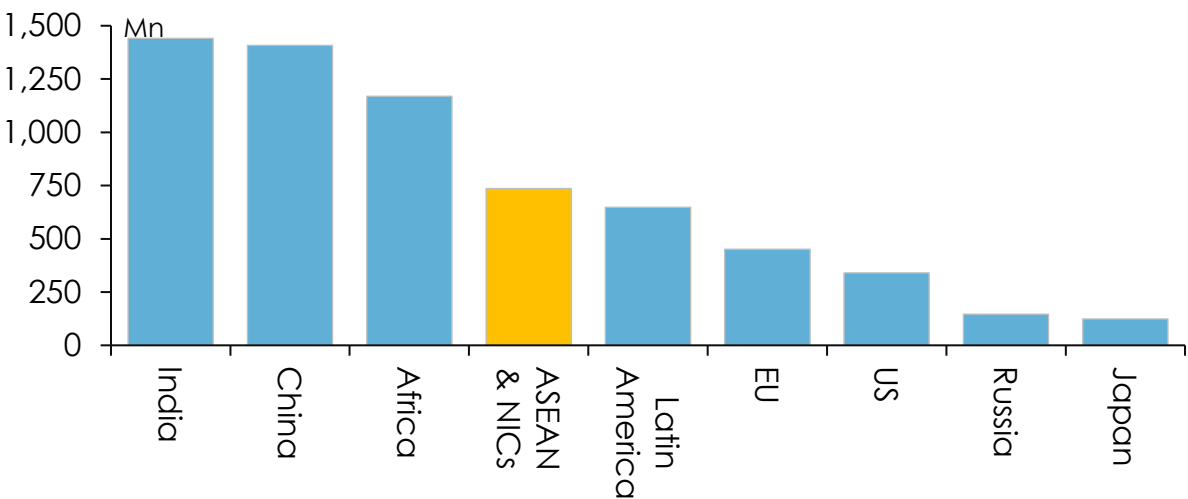


Sources: World Trade Organization, [WTO Stats](#); World Bank, [Data](#); United Nations Council on Trade & Development (UNCTAD), [Foreign direct investment: Inward and outward flows and stock, annual](#).

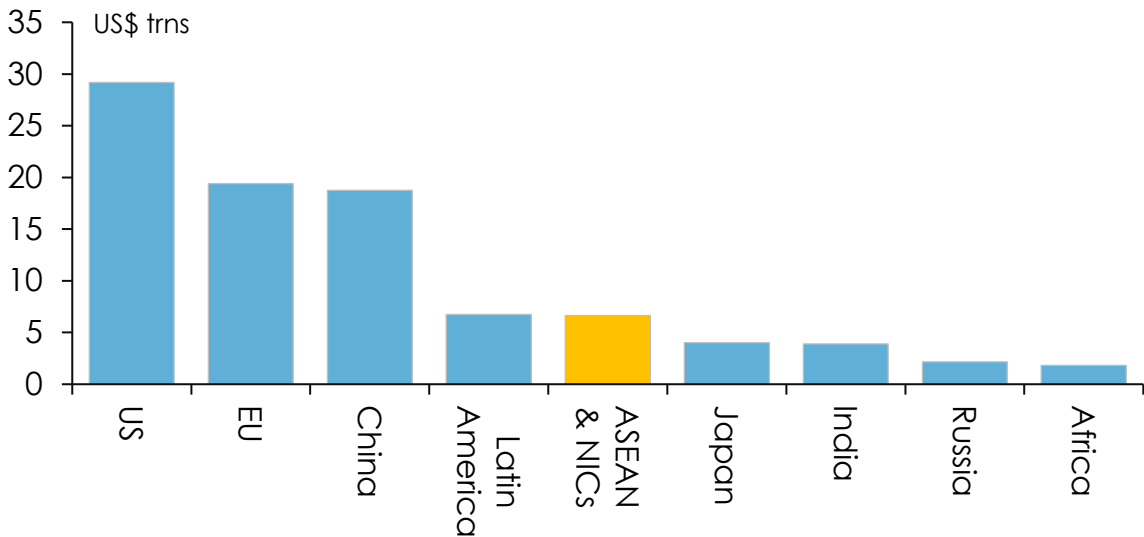
Other East Asian economies

'Peripheral' East Asia isn't really 'peripheral' to the world economy

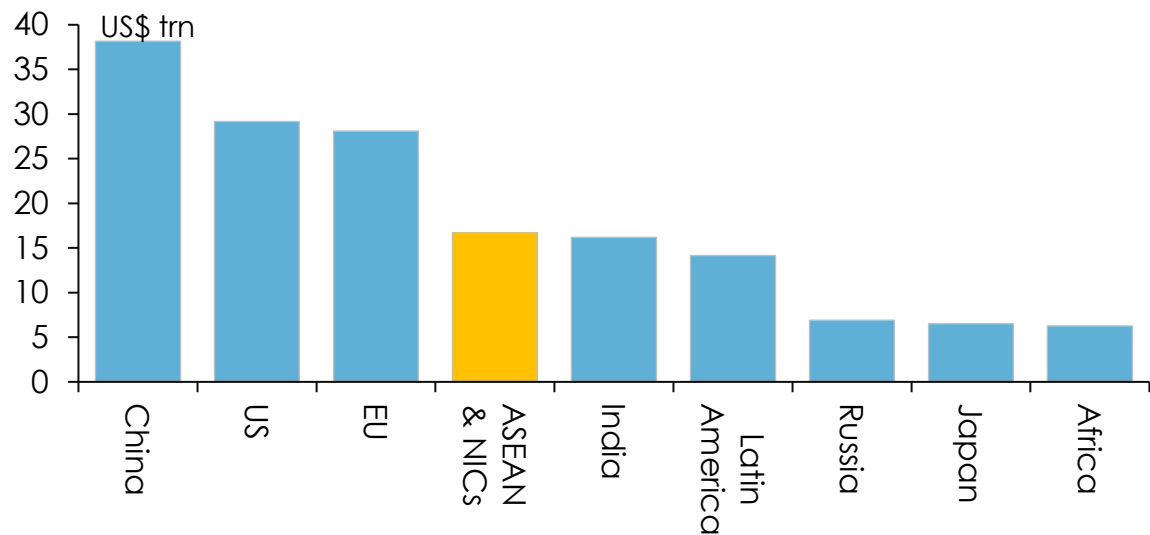
Population 2024



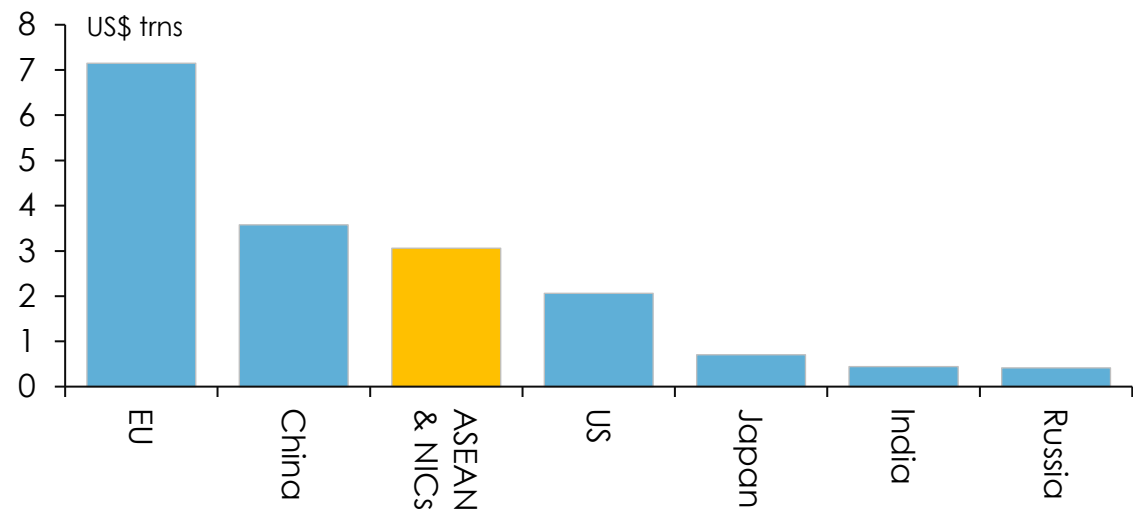
GDP at market exchange rates 2024



GDP at purchasing power parities 2024



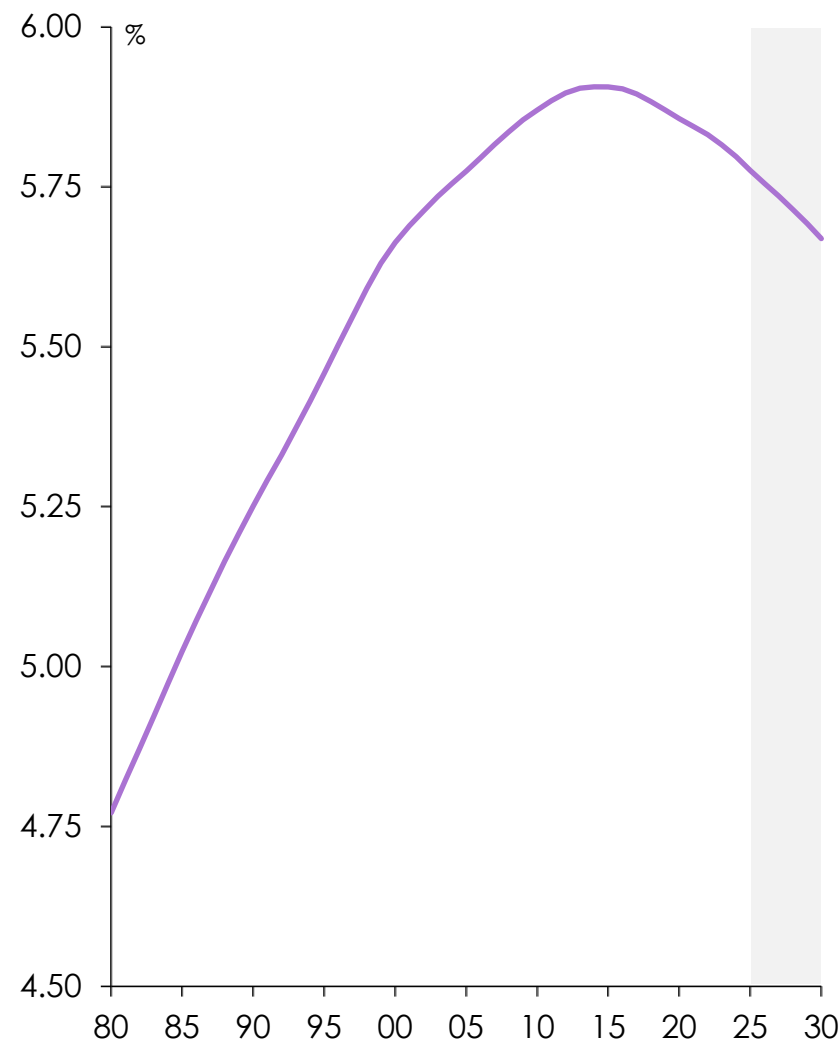
Merchandise exports 2024



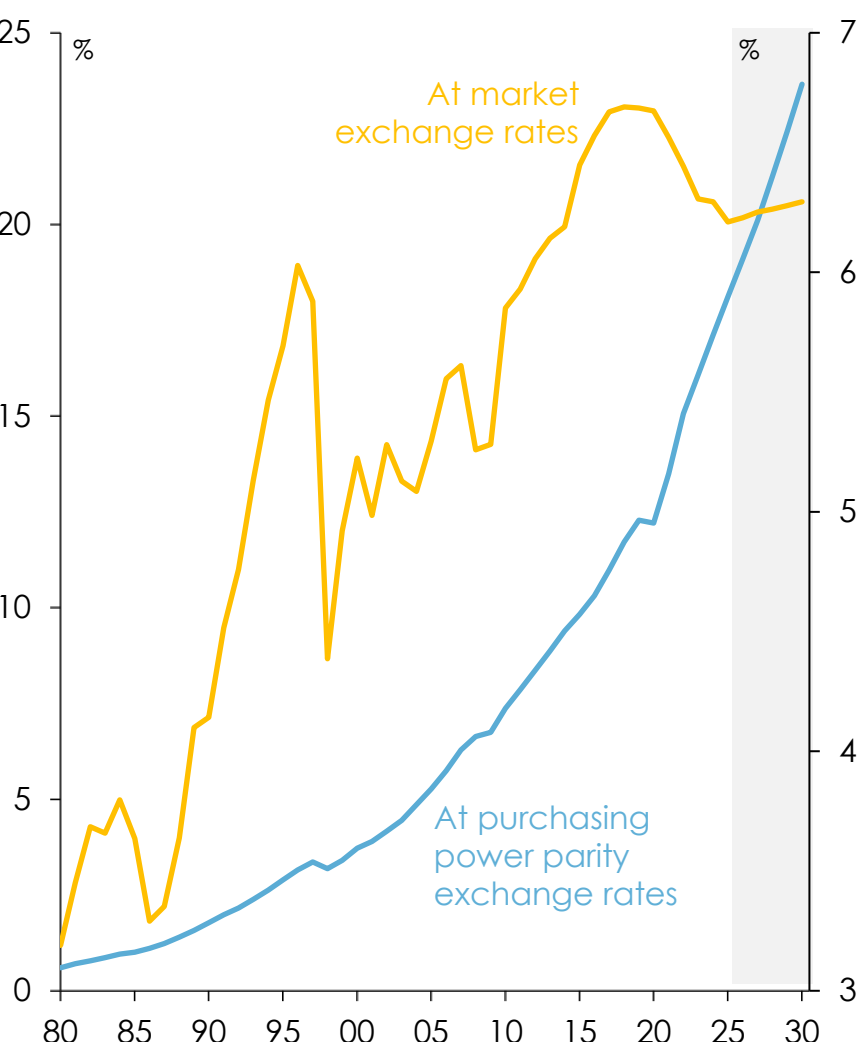
Note: ASEAN comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam; NICs ('newly industrializing countries' comprises Hong Kong, Macao, Korea and Taiwan; Africa is sub-Saharan Africa; Latin America includes Caribbean.
Sources: IMF, [World Economic Outlook database](#), April 2025; World Trade Organization, [WTO Stats](#).

'Peripheral' East Asia isn't really 'peripheral' to the world economy

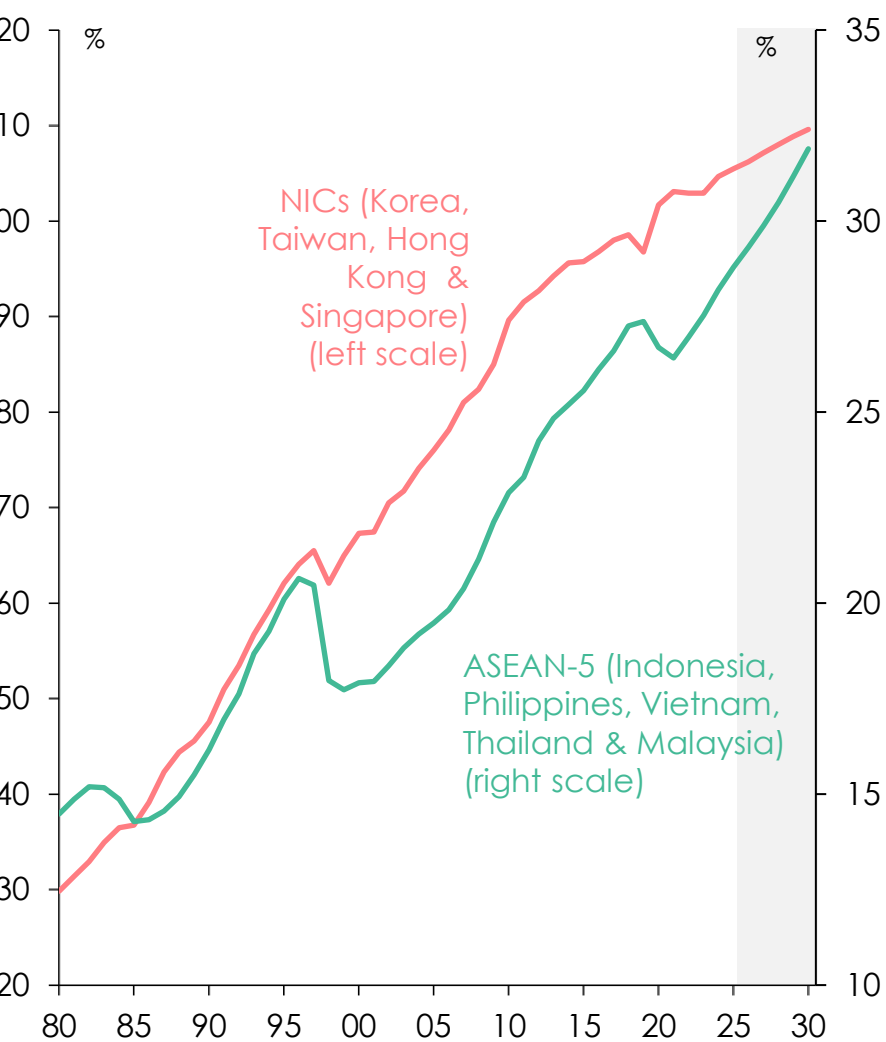
Population as a percentage of world total



GDP as a percentage of world total



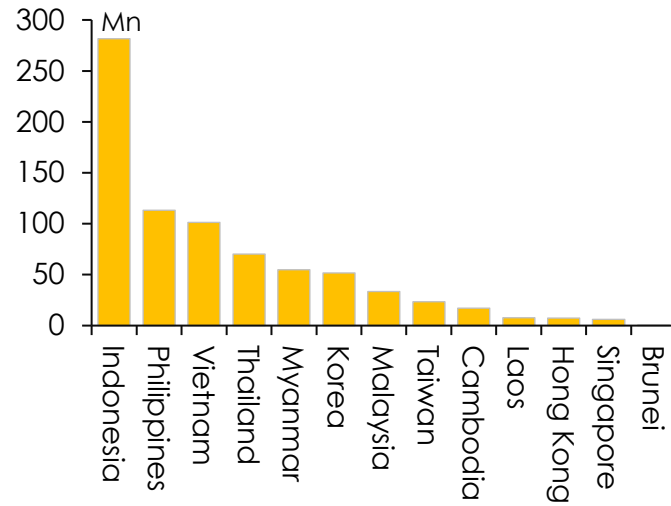
Per capita GDP as percentage of 'advanced' economy average



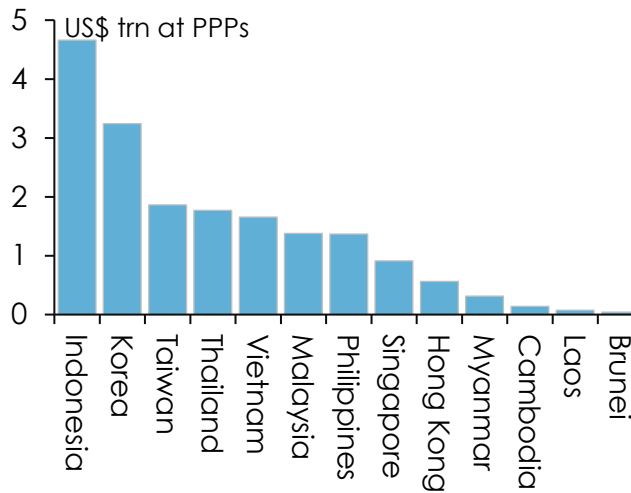
Sources: United Nations Department of Economic and Social Affairs, [World Population Prospects](#), 2022; IMF, [World Economic Outlook database](#), April 2025; Shaded areas denote projections.

The economies of North- and South-East Asia are very diverse in size, stage of development, export orientation and economic performance

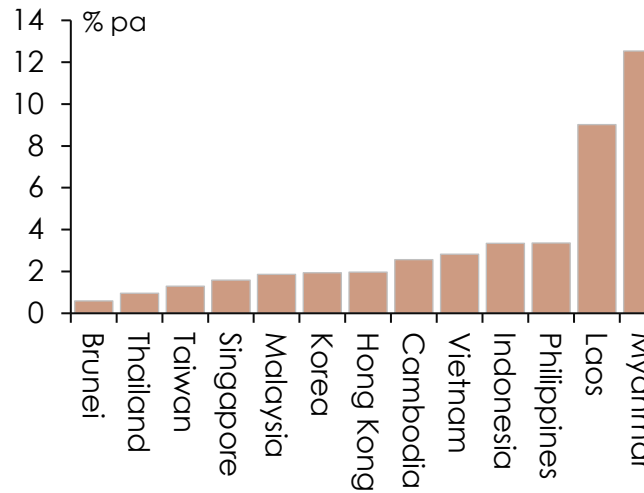
Population 2024



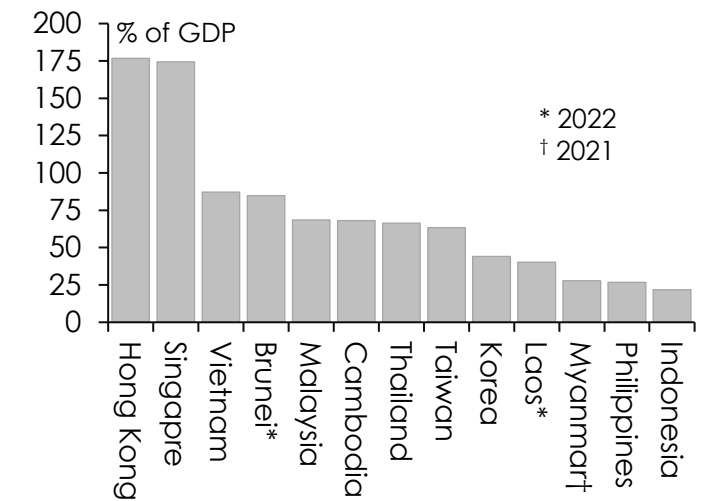
Real GDP 2024



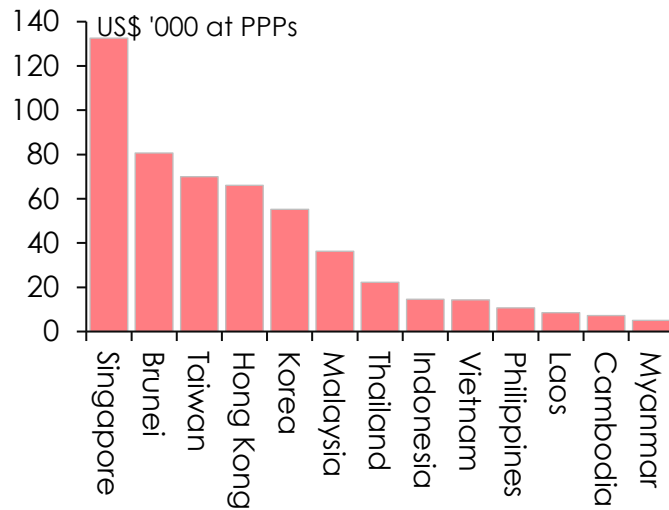
Inflation 2014-2024



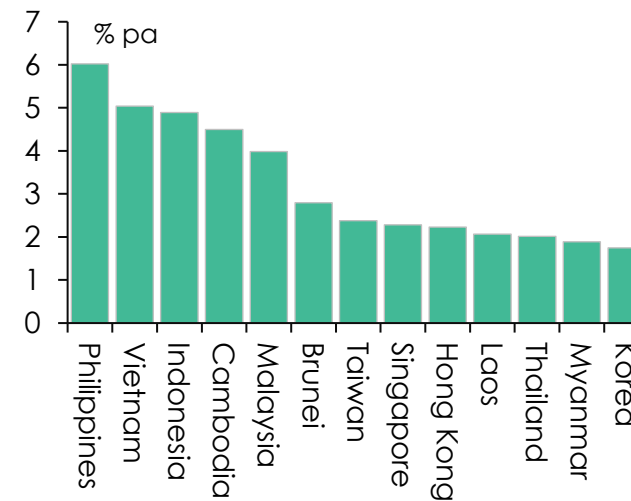
Exports as a pc of GDP 2023



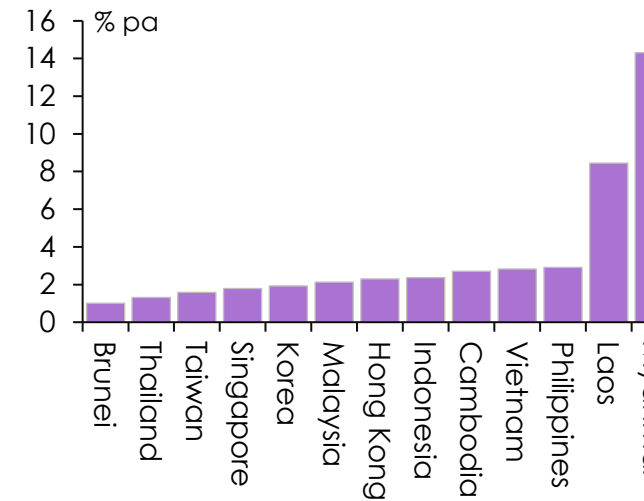
GDP per capita 2024



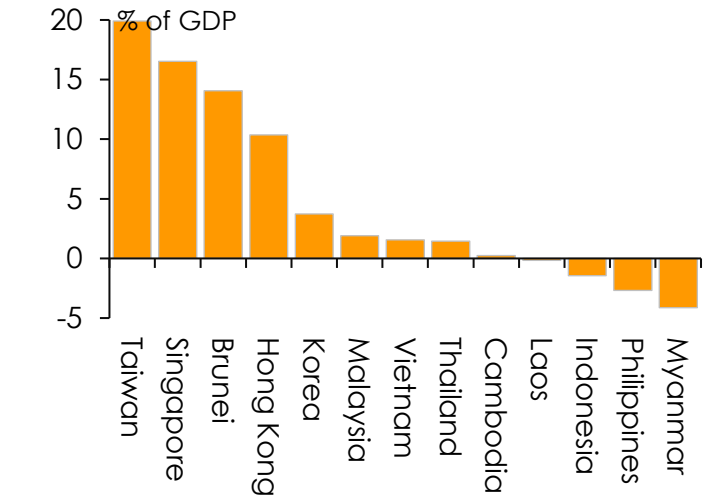
Real GDP growth 2025-2030



Inflation 2025-2030

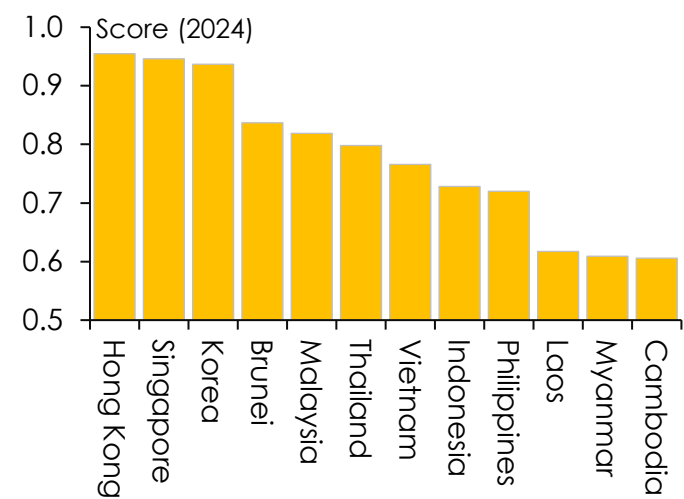


Current account 2025-2030

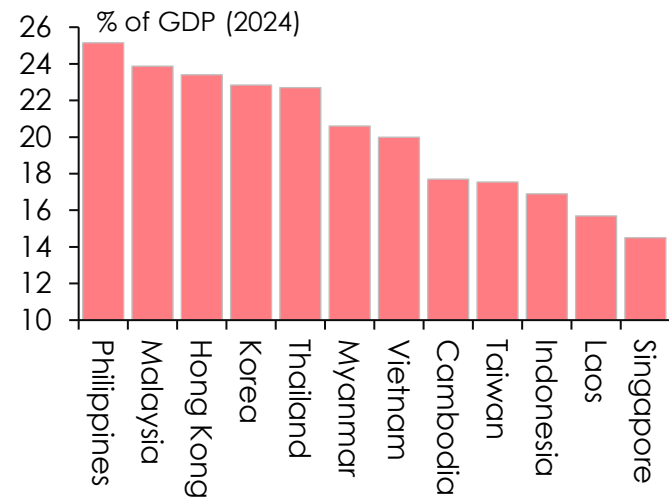


North- and South-East Asian economies differ in a wide range of other respects

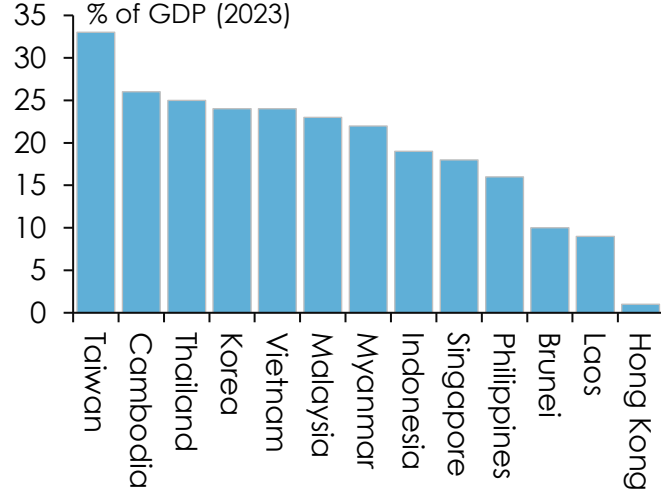
Human development index



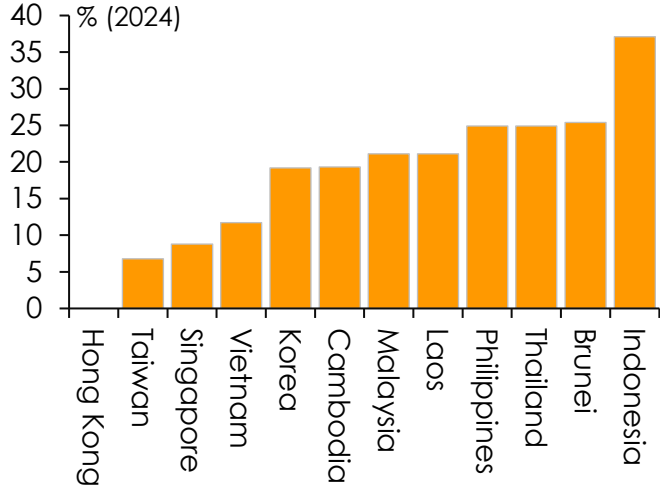
Government spending



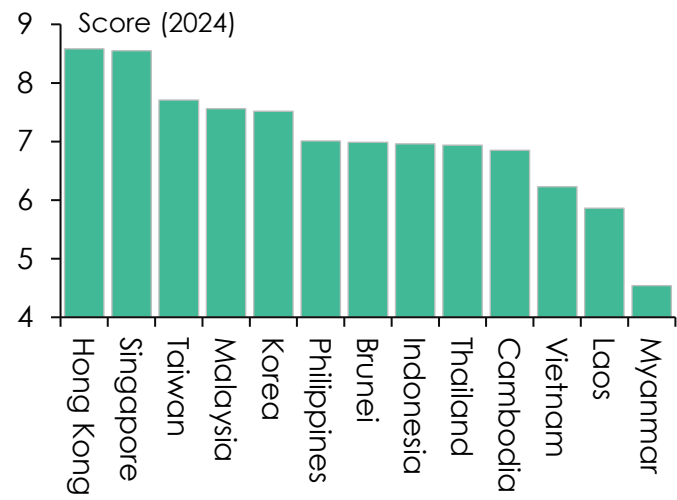
Manufacturing



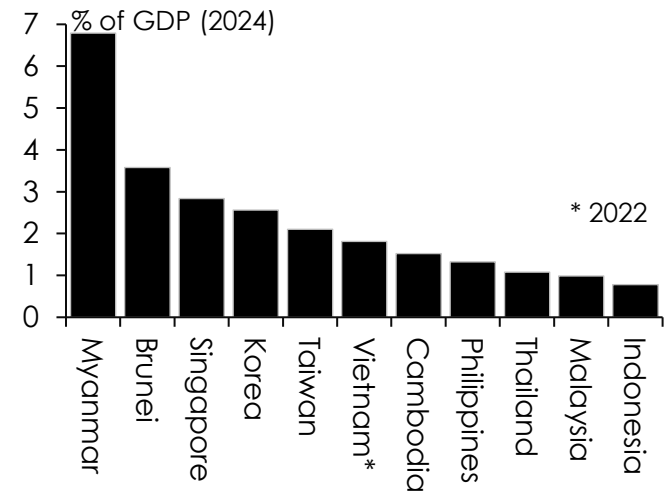
Simple average bound tariffs



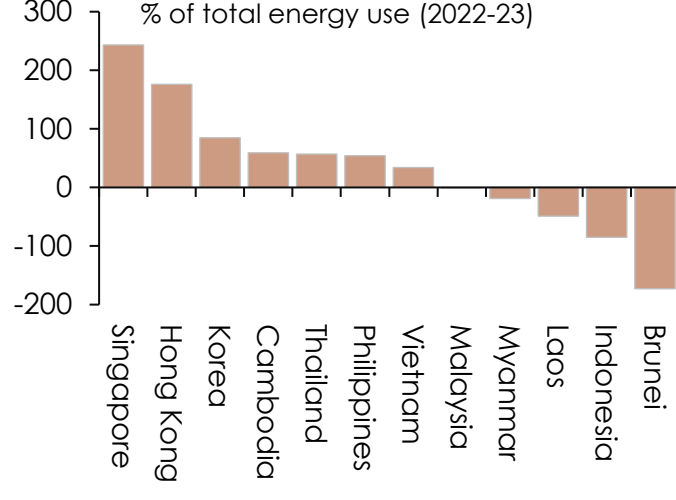
Economic freedom index



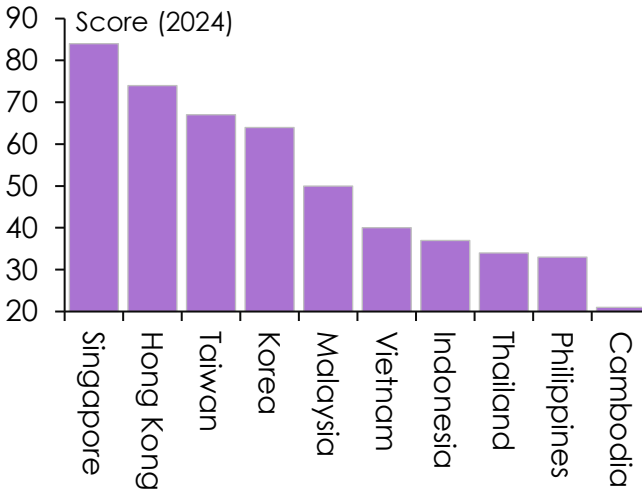
Military spending



Net energy imports



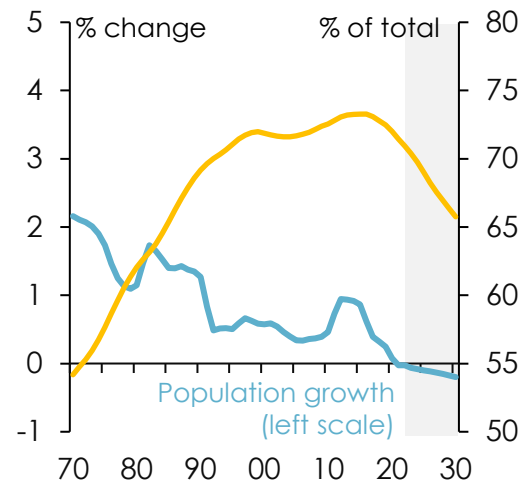
Corruption perceptions index



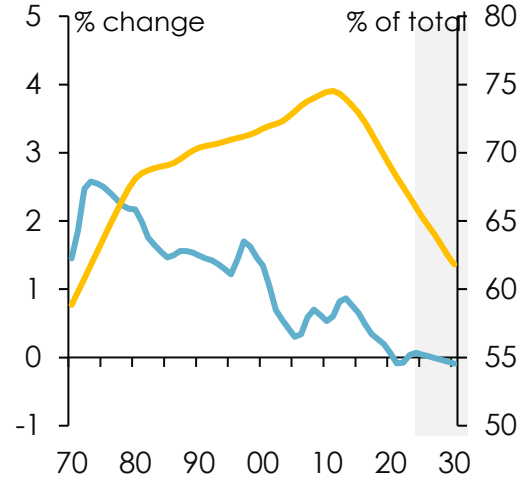
Sources: United Nations, [Human Development Report 2025](#); Fraser Institute, [Economic Freedom of the World 2024 Annual Report](#); IMF, [Fiscal Monitor](#), April 2025; Stockholm International Peace Research Institute, [SIPRI Military Expenditure Database](#); World Bank Group, [World Bank Open Data](#); World Trade Organization, [WTO Stats](#); Transparency International, [Corruption Perceptions Index 2024](#).

The more 'advanced' peripheral economies – and Thailand – have very different demographic profiles from the 'emerging and developing' ones

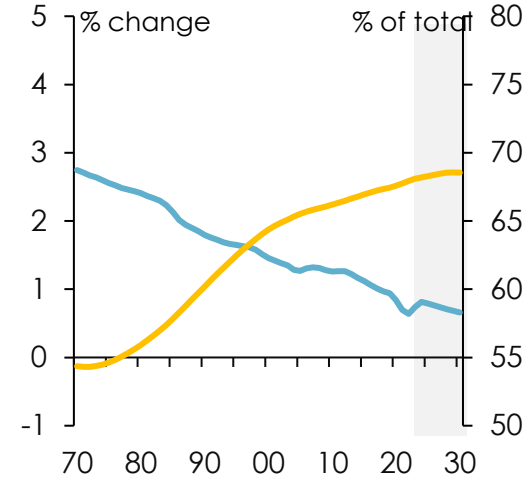
Korea



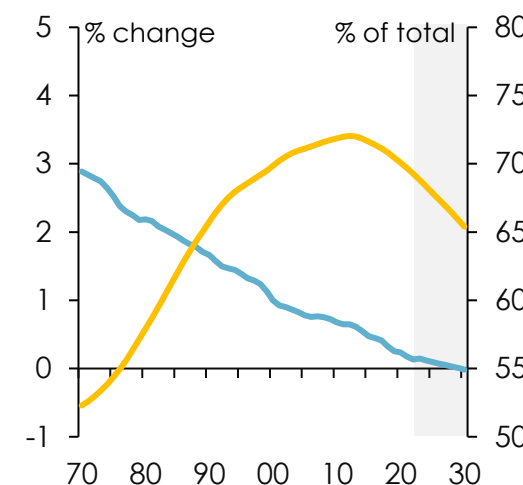
Hong Kong



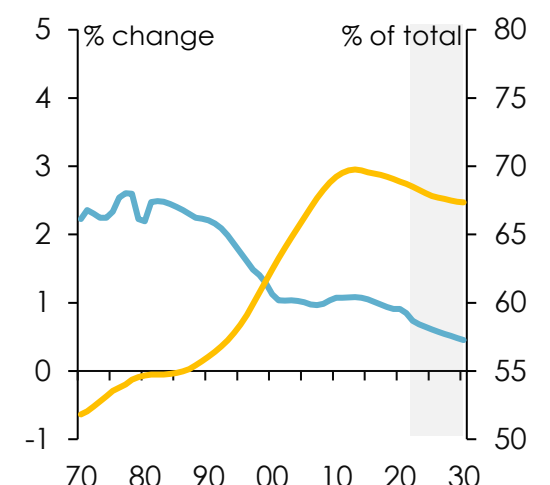
Indonesia



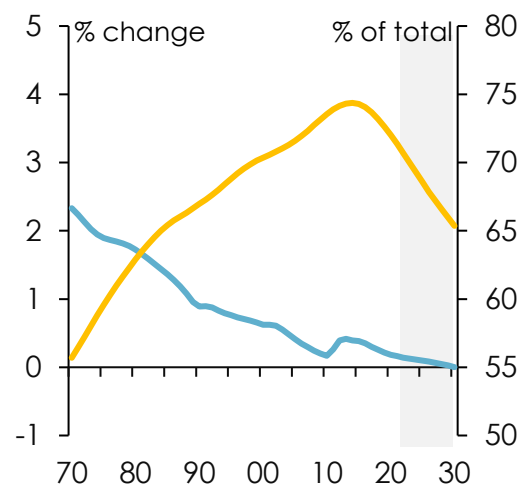
Thailand



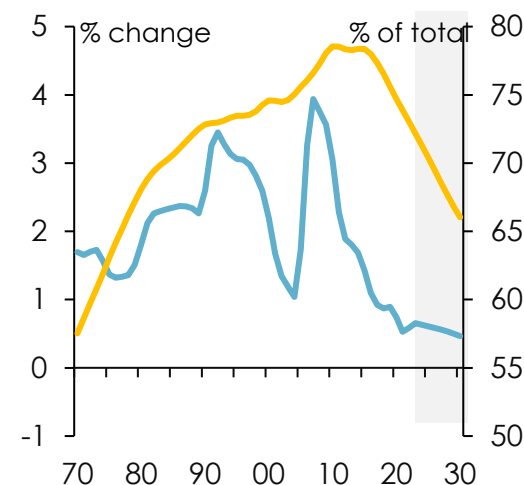
Vietnam



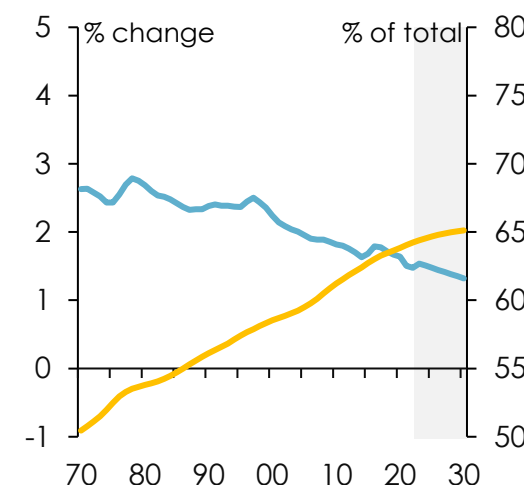
Taiwan



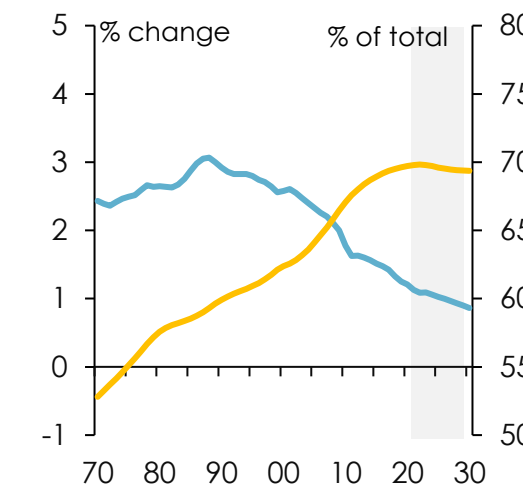
Singapore



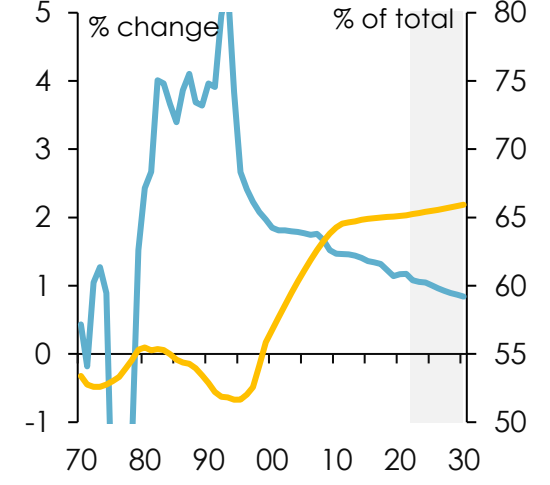
Philippines



Malaysia



Cambodia

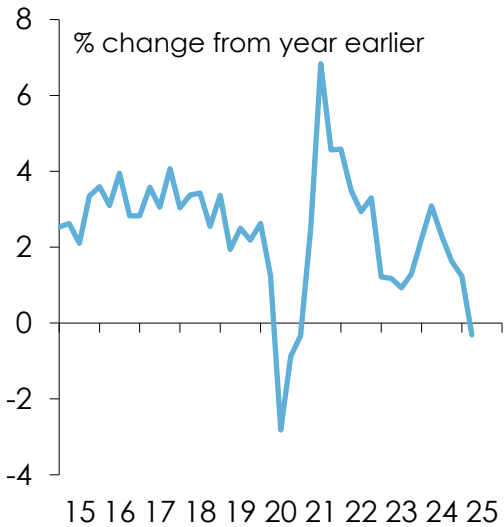


— Population growth (left scale) — Working age (15-65) population as a pc of total (right scale)

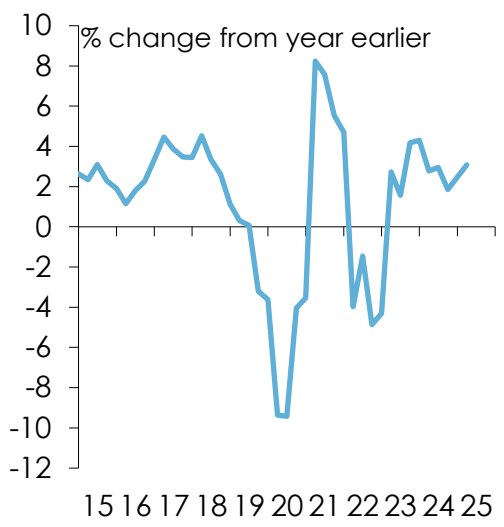
Source: UN Department of Economic and Social Affairs, [World Population Prospects - 2024 Revision](#).

Most Asian economies, other than Korea, have returned to pre-Covid growth trends

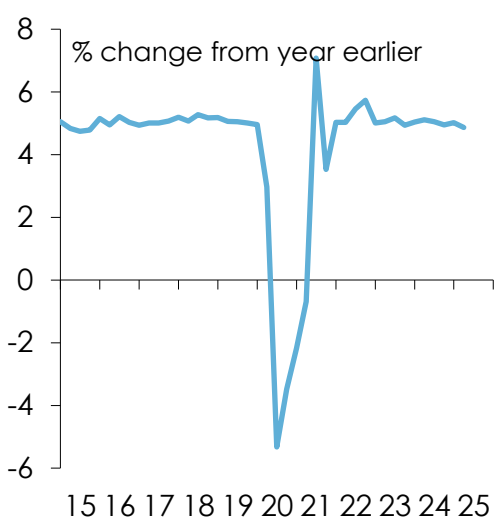
Korea



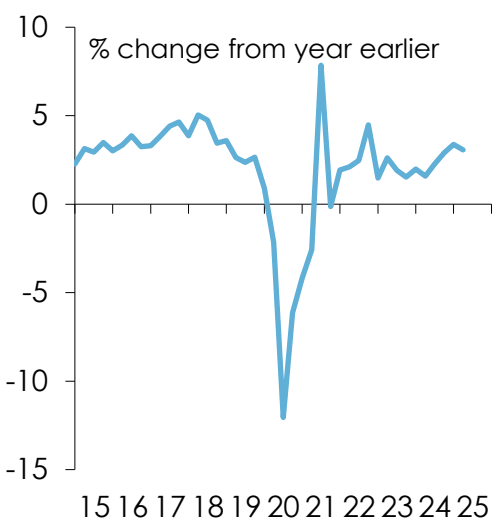
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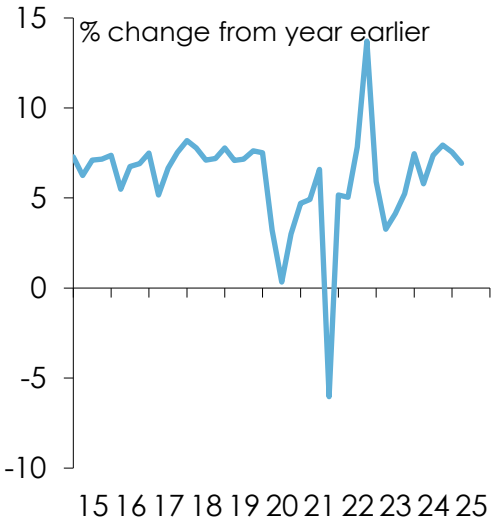
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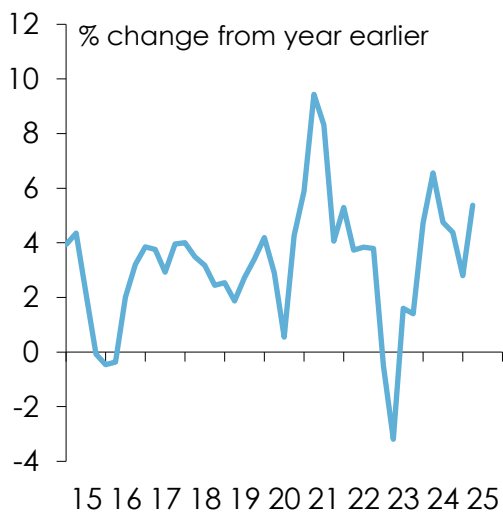
Thailand



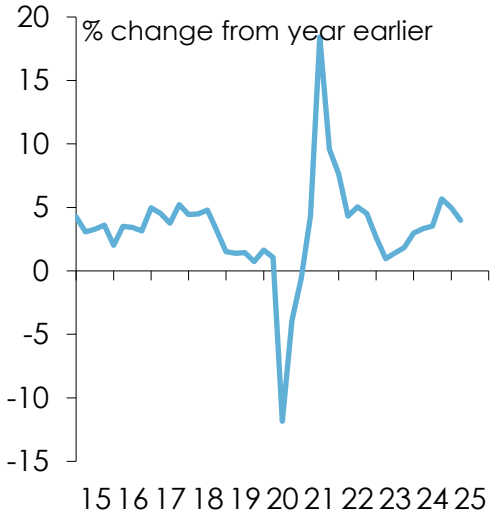
Vietnam



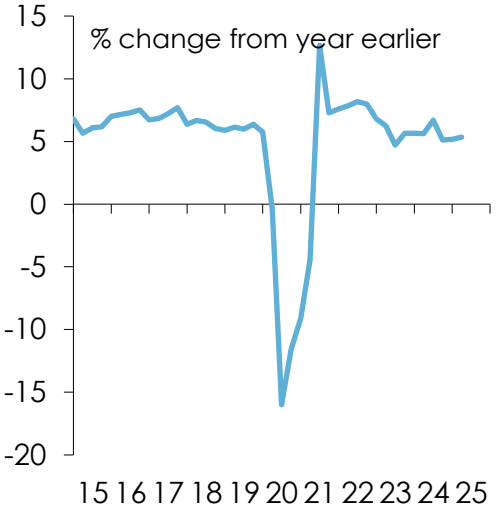
Taiwan



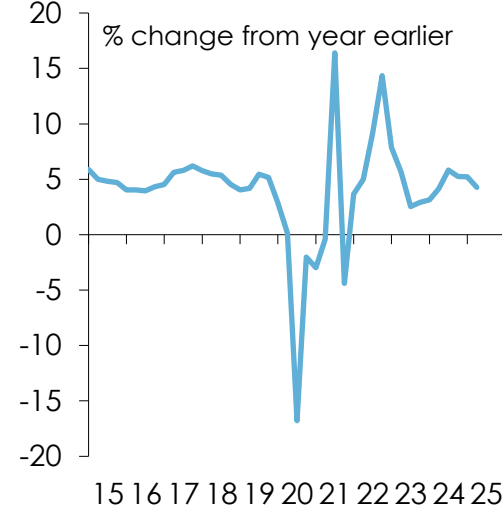
Singapore



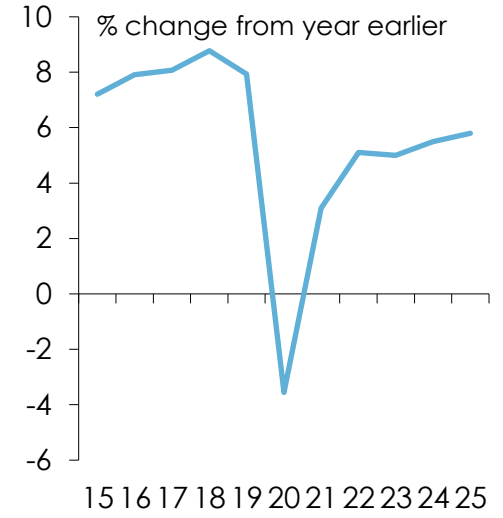
Philippines



Malaysia

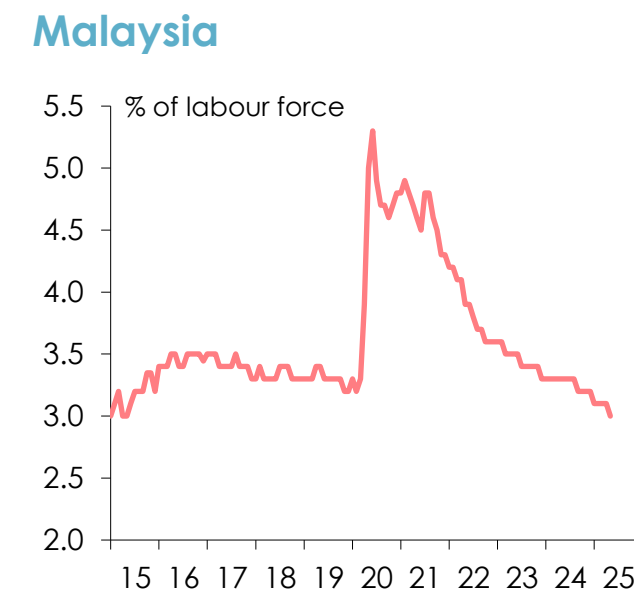
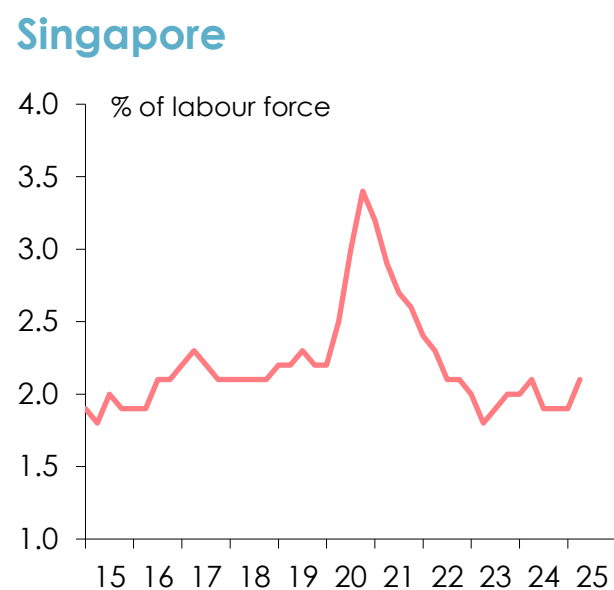
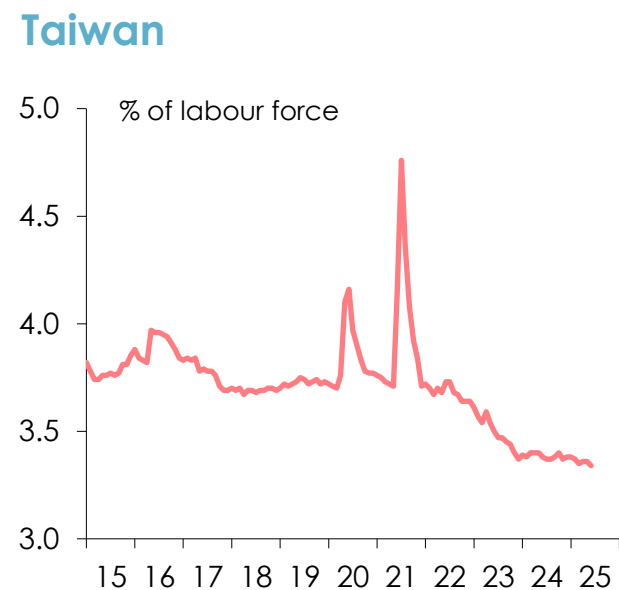
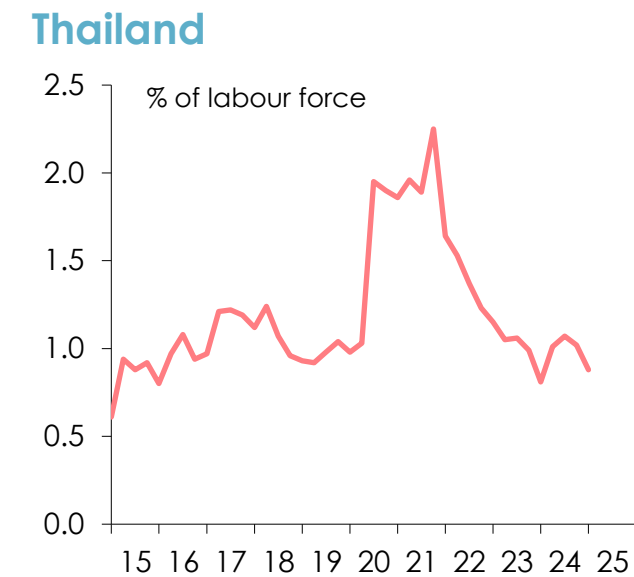
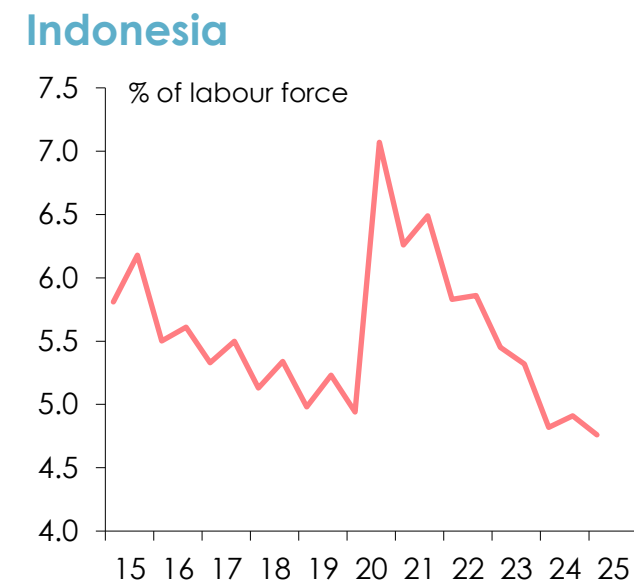
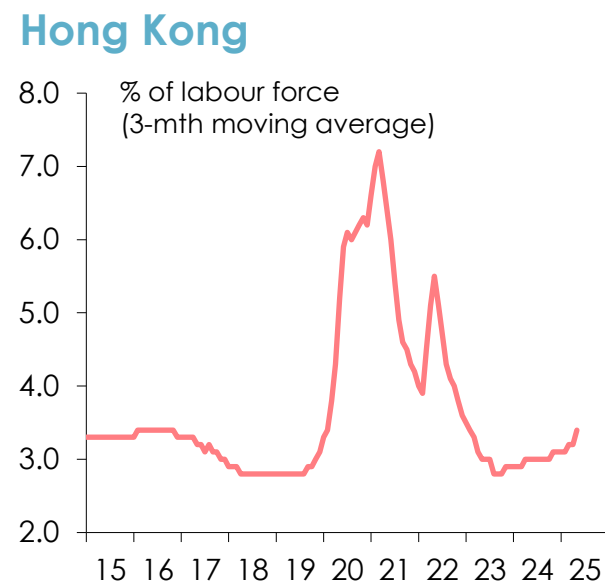
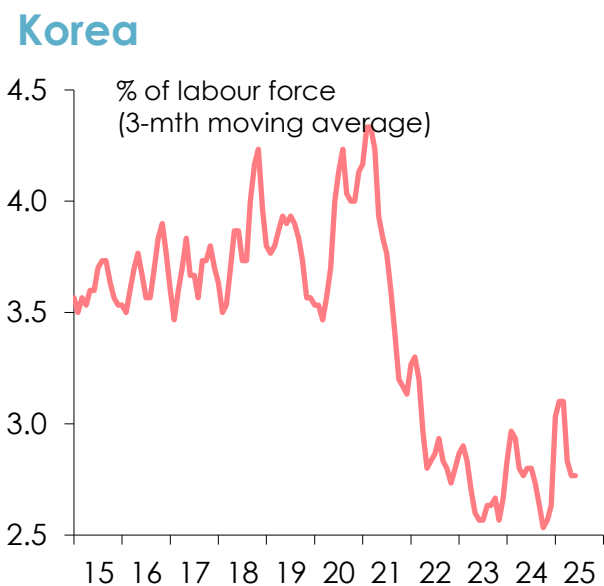


Cambodia



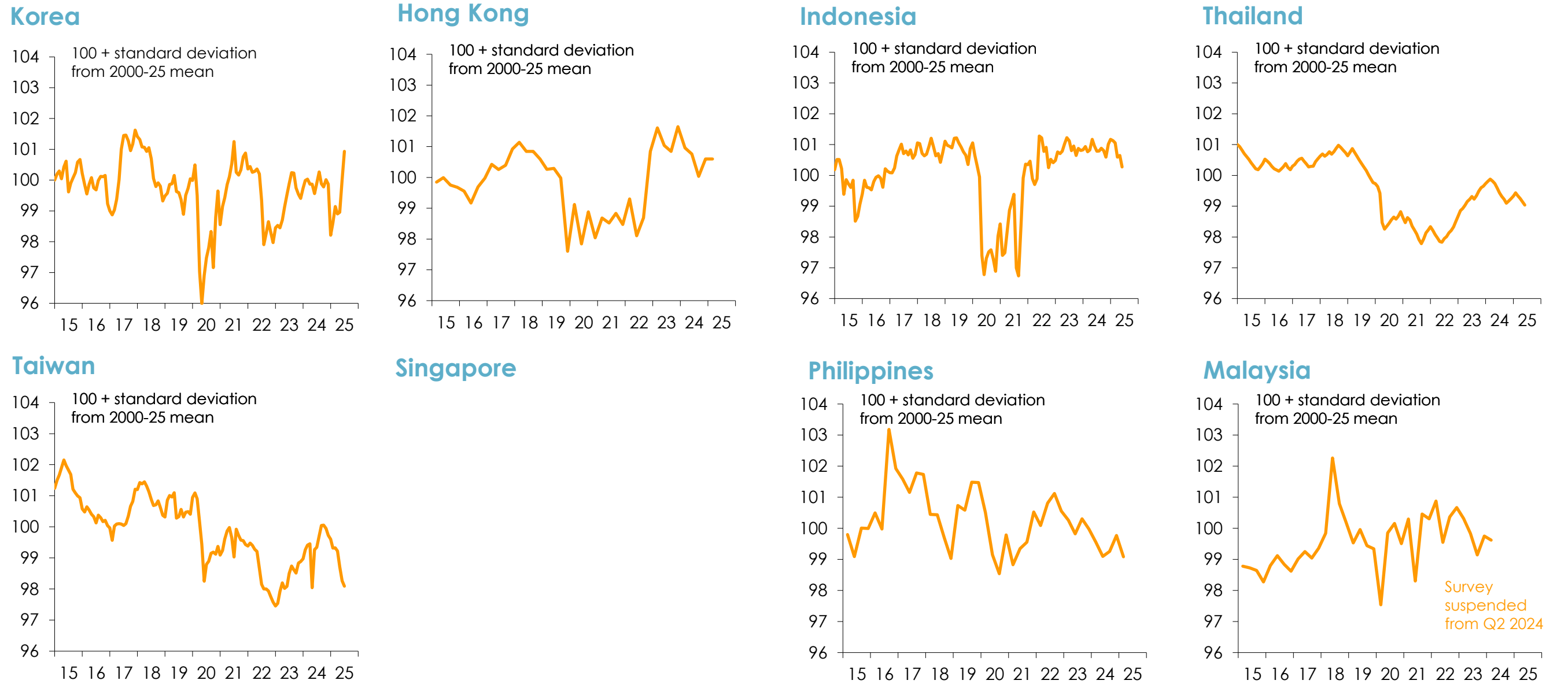
Sources: [Bank of Korea](#); [Taiwan Directorate-General of Budget, Accounting & Statistics](#); [Hong Kong Census and Statistics Department](#); [Statistics Singapore](#); [Indonesia Central Statistics Agency](#); [Philippine Statistics Authority](#); [Thailand National Economic & Social Development Council](#); [Department of Statistics Malaysia](#); [National Statistics Office of Vietnam](#); [Cambodia National Institute of Statistics](#).

Unemployment is close to historic lows across most of Asia



Sources: [Statistics Korea](#); [Taiwan Directorate-General of Budget, Accounting & Statistics](#); [Hong Kong Census and Statistics Department](#); [Statistics Singapore](#); [Indonesia Central Statistics Agency](#); [Philippine Statistics Authority](#); [Bank of Thailand](#); [Department of Statistics Malaysia](#).

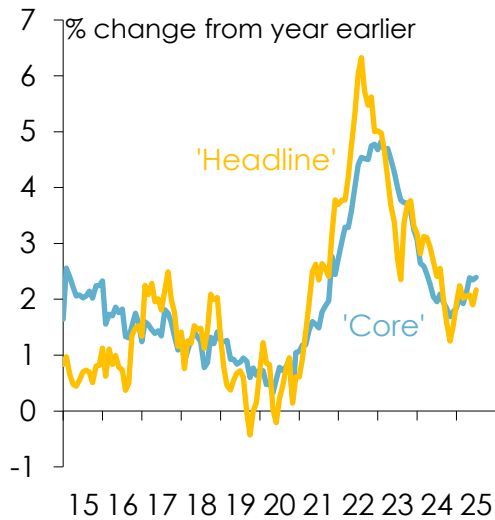
Consumer confidence has weakened in the aftermath of US tariff announcements – except in Korea, due to resolution of political tensions



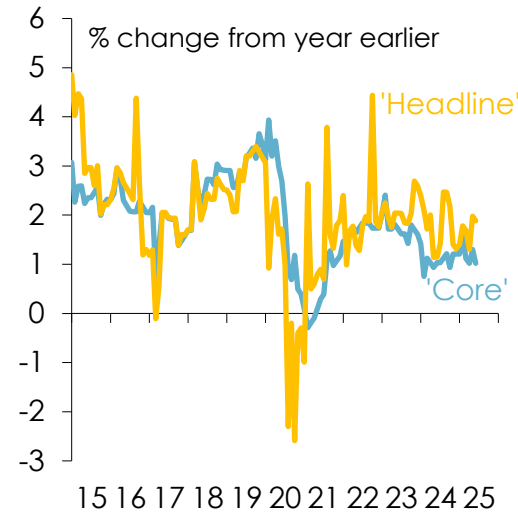
Note: There is no consumer confidence index for Singapore. Sources: [Bank of Korea](#); National Central University, [Research Center for Taiwan Economic Development](#); City University of Hong Kong, [Statistical Consulting Unit](#); [Bank Indonesia](#); University of Thai Chamber of Commerce, [Center for Economic and Business Forecasting](#); [Malaysian Institute of Economic Research](#); standardization by Corinna.

Inflation rose sharply in most Asian economies (apart from Taiwan) in 2022-23, but is now back to target ranges (except in Vietnam and Cambodia)

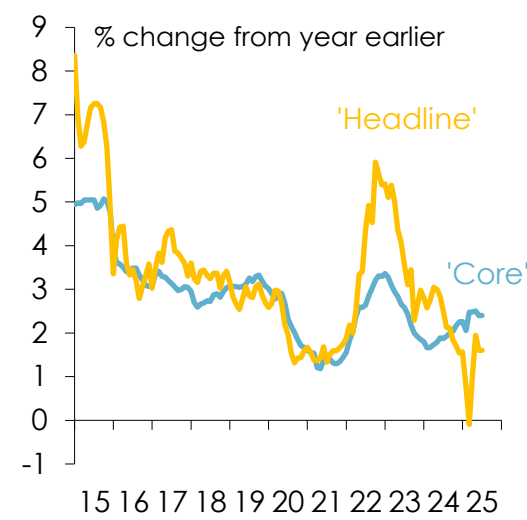
Korea



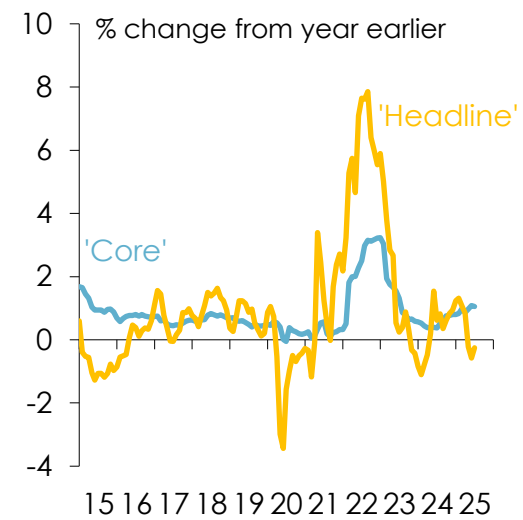
Hong Kong



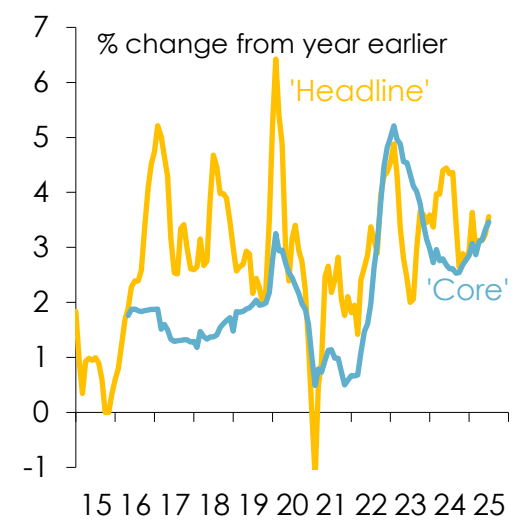
Indonesia



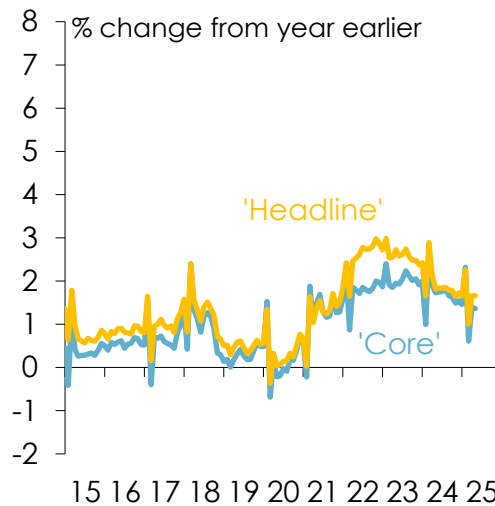
Thailand



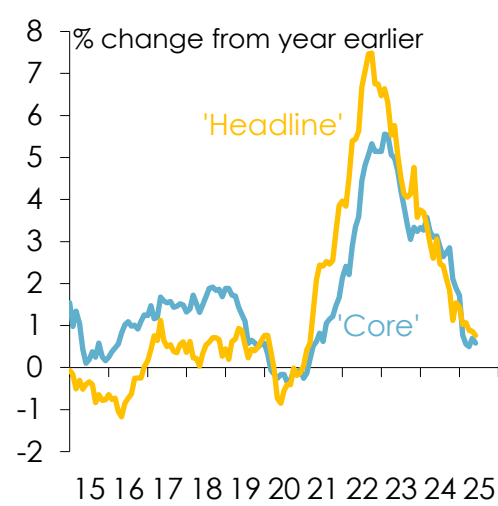
Vietnam



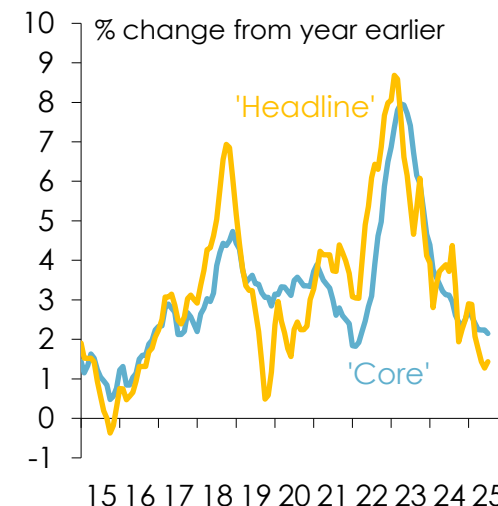
Taiwan



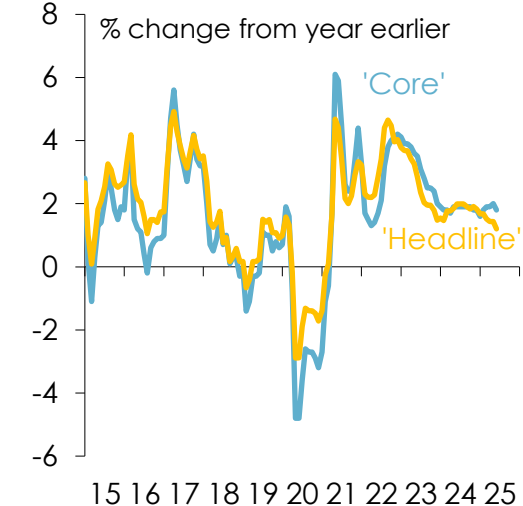
Singapore



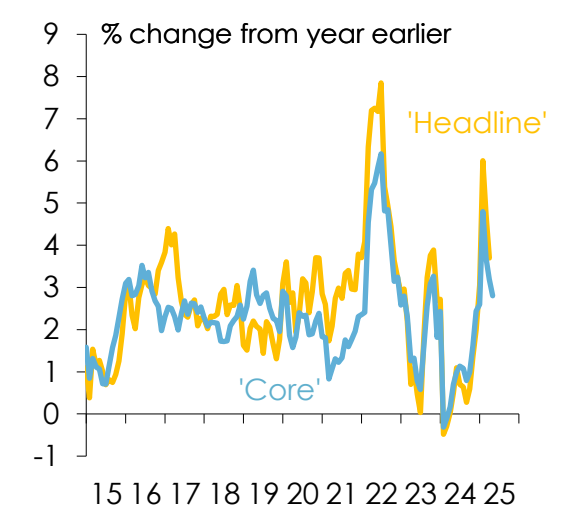
Philippines



Malaysia

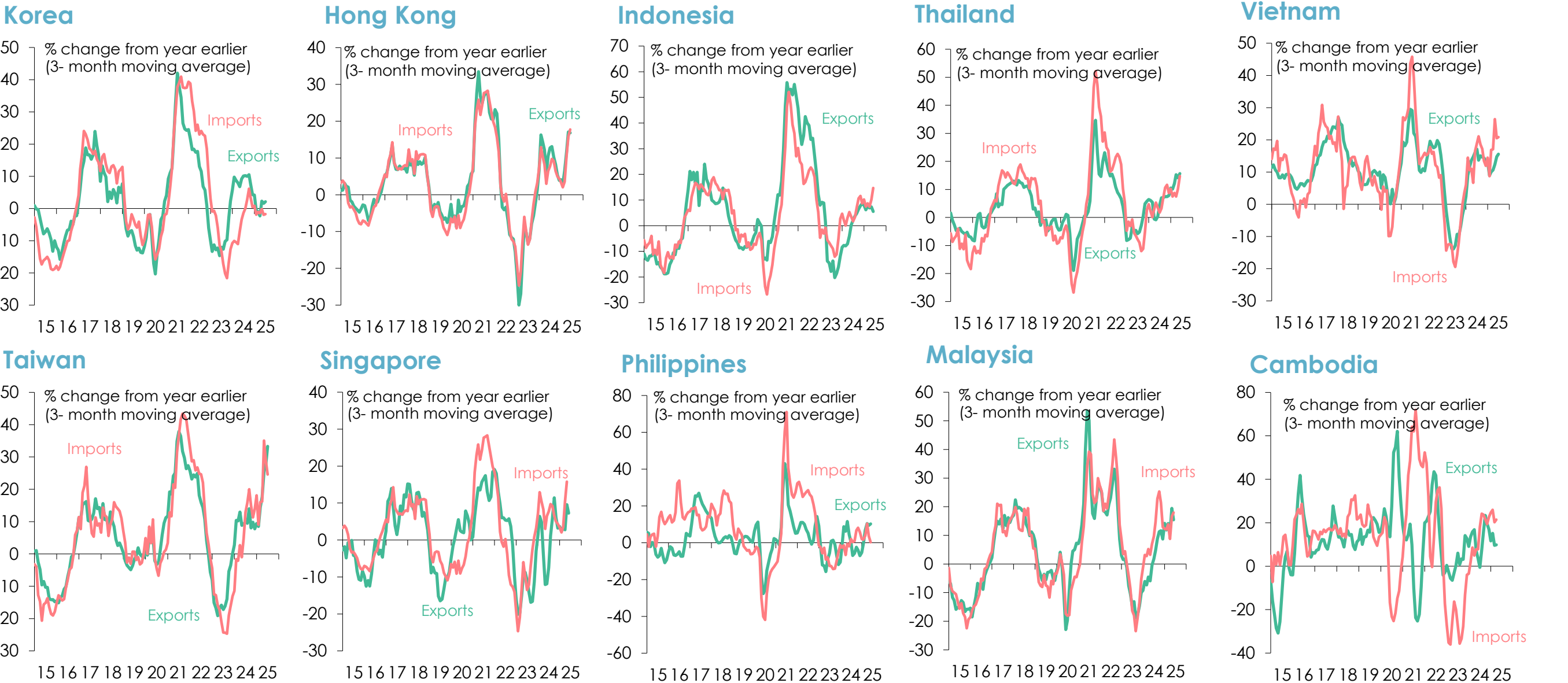


Cambodia



Note: Definitions of 'core' inflation differ from country to country. Sources: [Statistics Korea](#); [Taiwan Directorate-General of Budget, Accounting & Statistics](#); [Hong Kong Census and Statistics Department](#); [Statistics Singapore](#); [Indonesia Central Statistics Agency](#); [Philippine Statistics Authority](#); [Thailand Bureau of Trade and Economic Indices](#); [Department of Statistics Malaysia](#); [National Statistics Office of Vietnam](#); [National Bank of Cambodia](#).

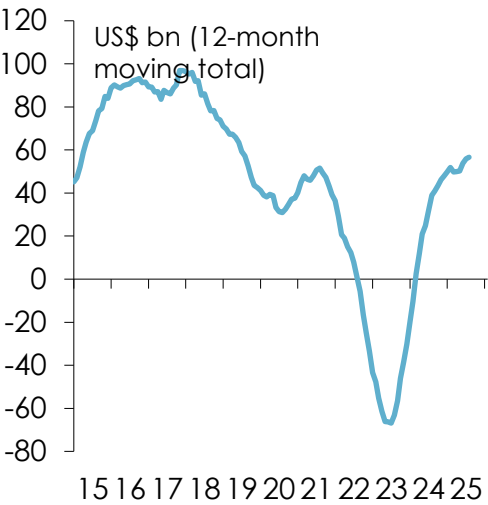
Most Asian economies, apart from Korea and the Philippines, have experienced a strong pick up in exports over the past two years



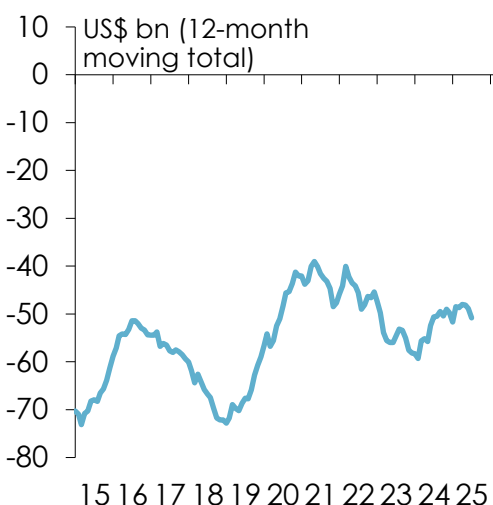
Note: Data for Hong Kong, Singapore and Malaysia are published in national currencies and converted to US dollars by Corinna using month-average exchange rates.
Sources: [Korea Ministry of Trade, Industry & Energy](#); [Taiwan International Trade Administration](#); [Hong Kong Census and Statistics Department](#); [Statistics Singapore](#); [Indonesia Central Statistics Agency](#); [Philippine Statistics Authority](#); [Thailand Ministry of Commerce](#); [Department of Statistics Malaysia](#); [National Statistics Office of Vietnam](#); [National Bank of Cambodia](#).

Most Asian economies, aside from HK, the Philippines, Thailand and Cambodia, are running trade surpluses

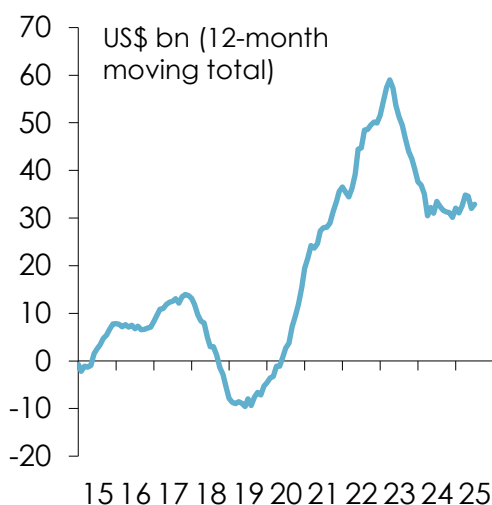
Korea



Hong Kong



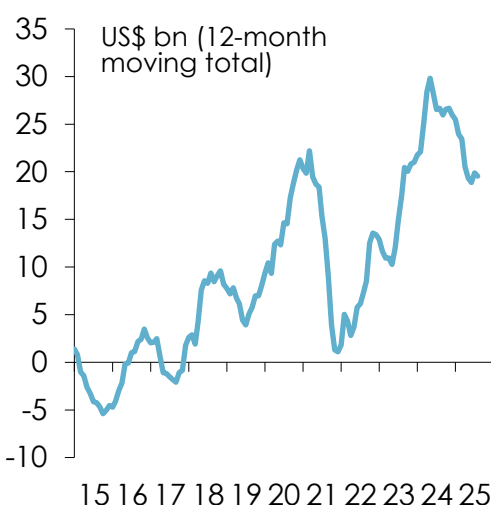
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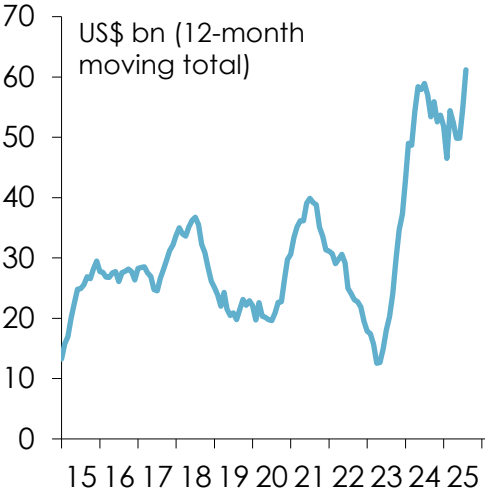
Thailand



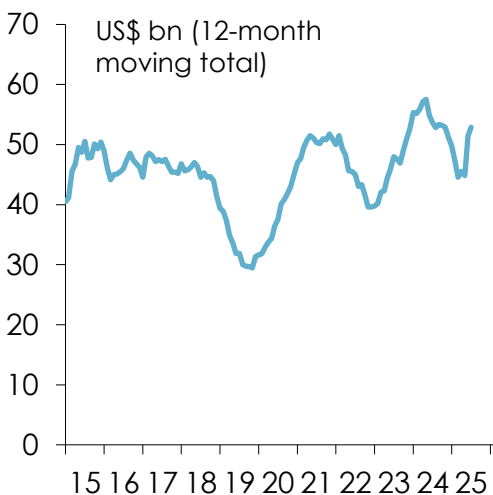
Vietnam



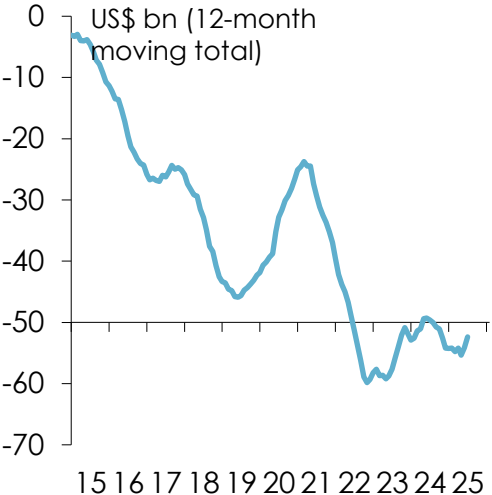
Taiwan



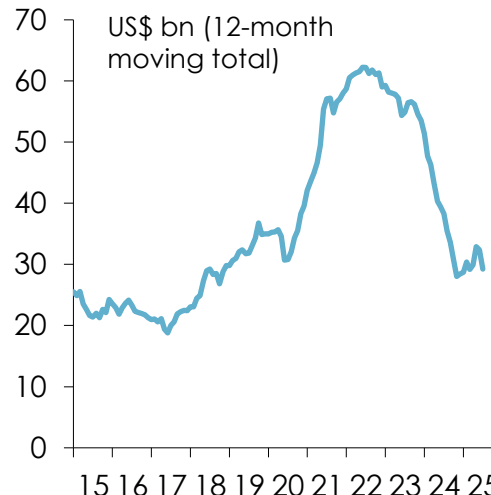
Singapore



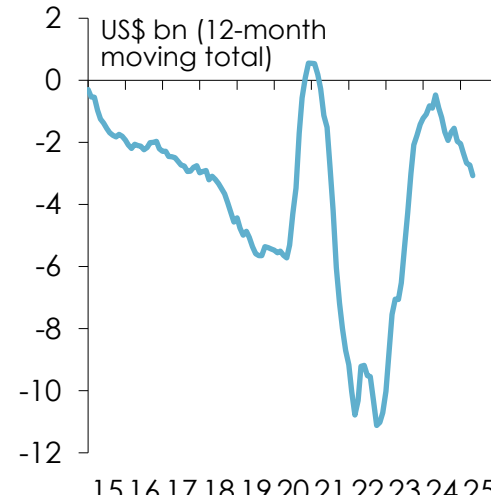
Philippines



Malaysia



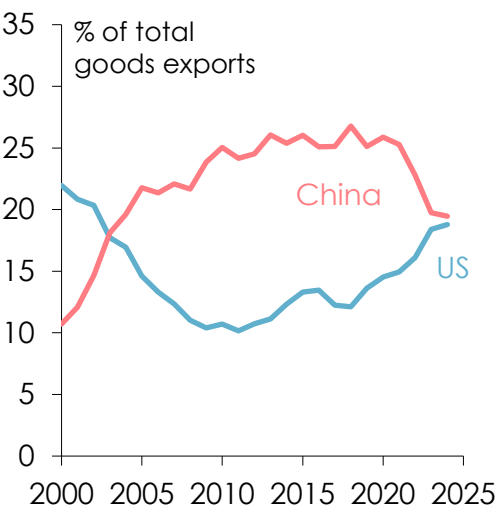
Cambodia



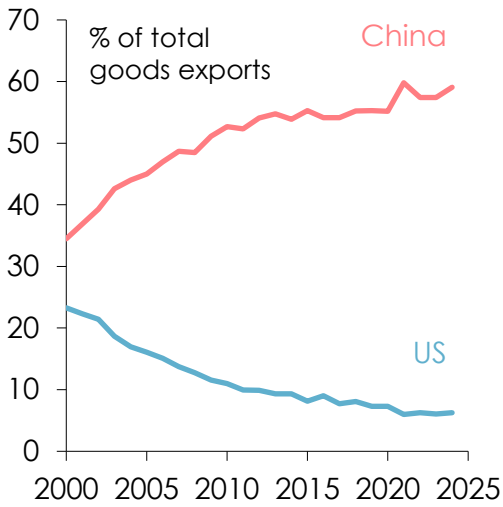
Note: Data for Hong Kong, Singapore and Malaysia are published in national currencies and converted to US dollars by Corinna using month-average exchange rates.
Sources: [Korea Ministry of Trade, Industry & Energy](#); [Taiwan International Trade Administration](#); [Hong Kong Census and Statistics Department](#); [Statistics Singapore](#); [Indonesia Central Statistics Agency](#); [Philippine Statistics Authority](#); [Thailand Ministry of Commerce](#); [Department of Statistics Malaysia](#); [National Statistics Office of Vietnam](#); [National Bank of Cambodia](#).

Vietnam, Taiwan and Cambodia are most at risk from Trump's 'reciprocal tariffs' – they could drive Asian countries into closer trade ties with China

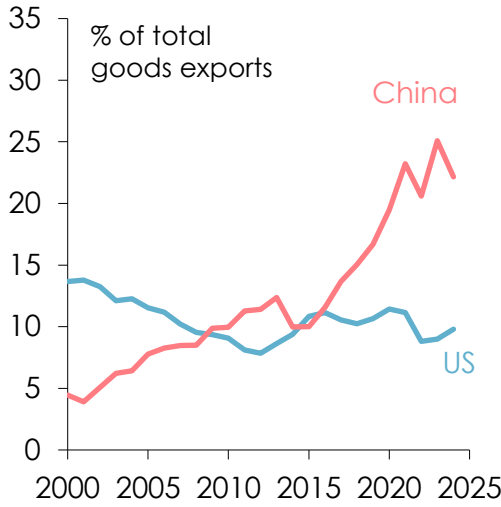
Korea



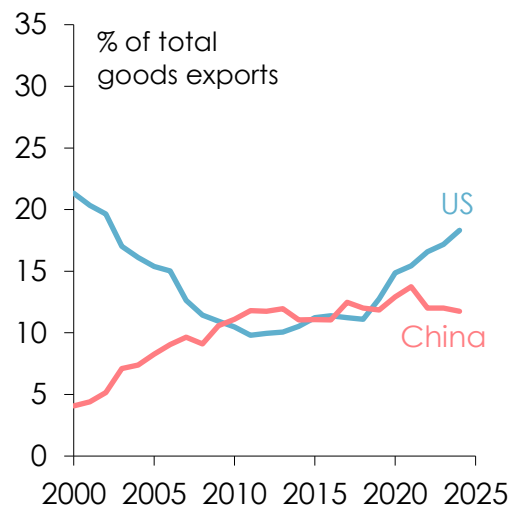
Hong Kong



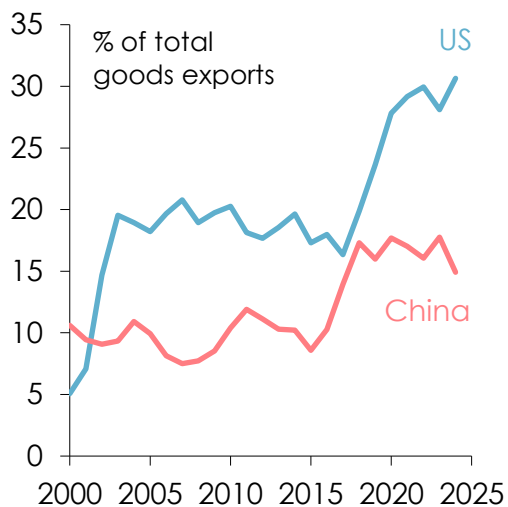
Indonesia



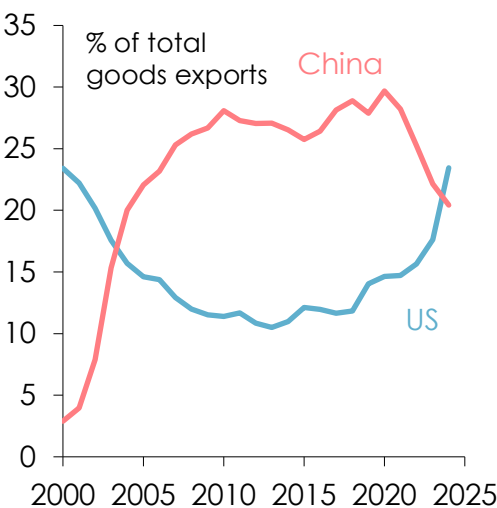
Thailand



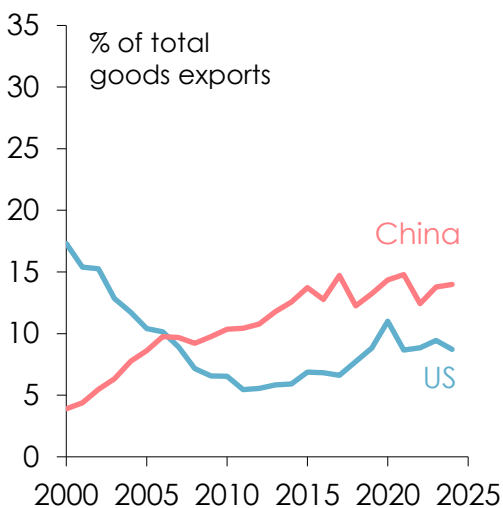
Vietnam



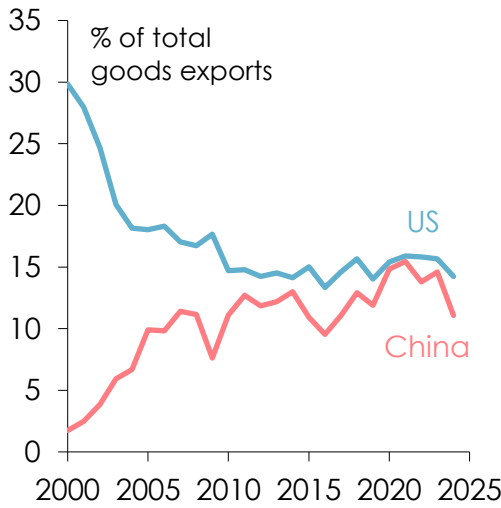
Taiwan



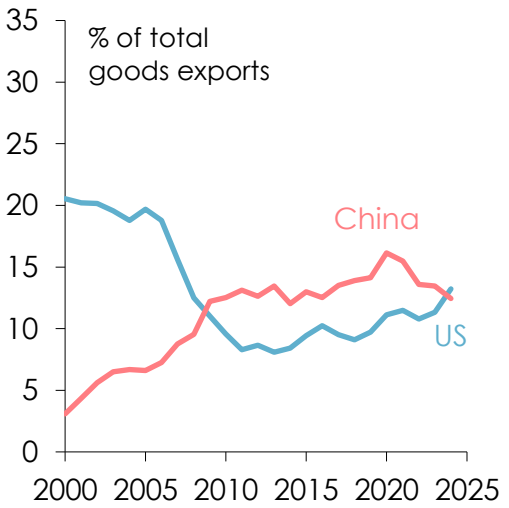
Singapore



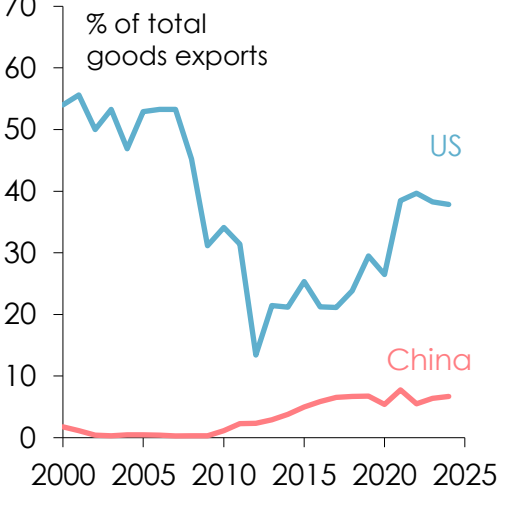
Philippines



Malaysia



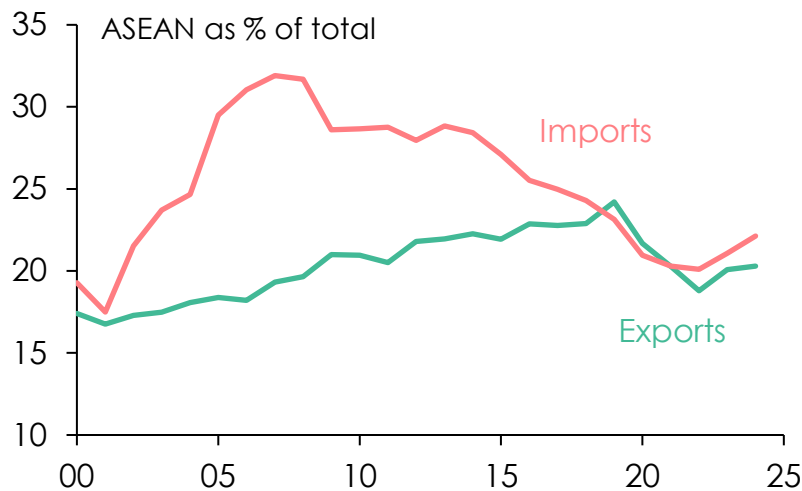
Cambodia



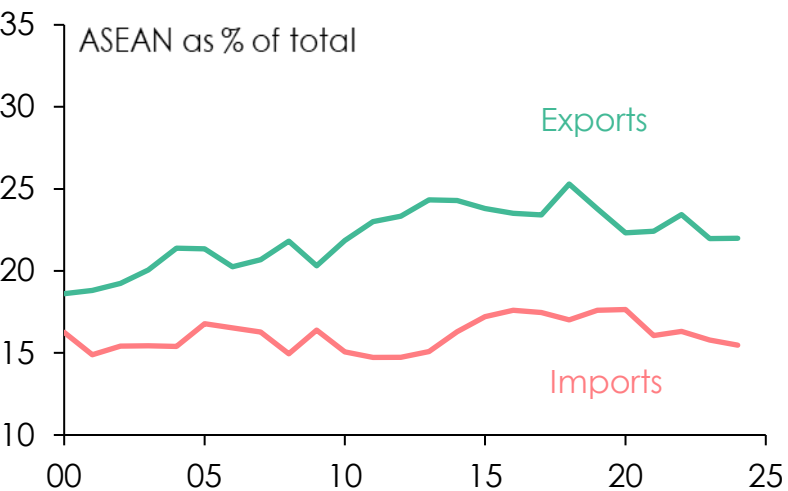
Note: Merchandise exports represent a much larger share of the GDP of Hong Kong (113% in 2024) and Singapore (56%) than of Korea, Taiwan, Malaysia and Vietnam (20-25%) and of Cambodia (18%) and Thailand (17%), and Indonesia and the Philippines (6%). Sources: IMF, [International Trade in Goods \(by partner country\) \(IMTS\)](#); Taiwan Ministry of Finance, [Trade Statistics Database](#).

ASEAN hasn't fostered 'internal trade' in the way that the EU has

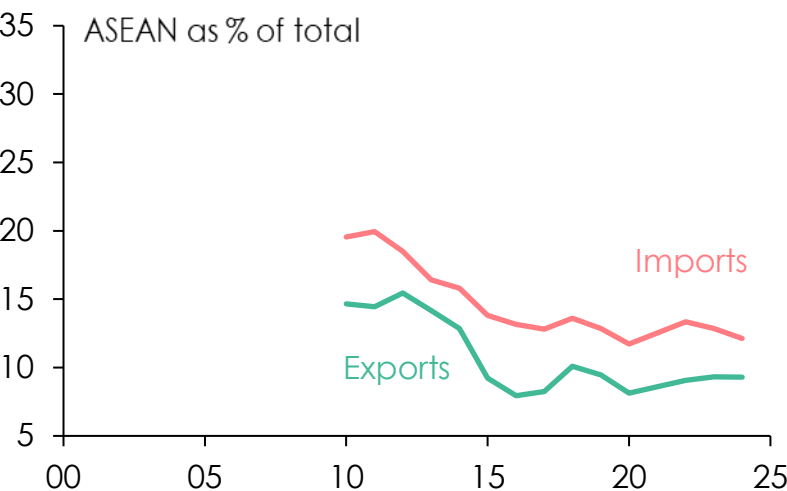
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Thailand



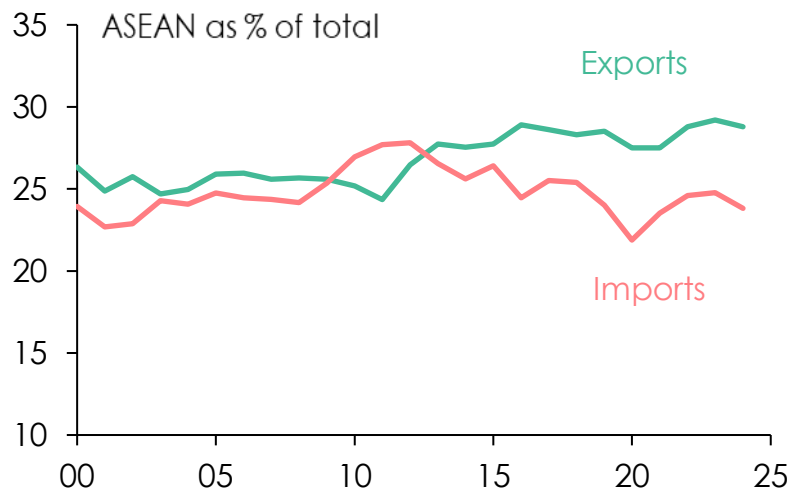
Vietnam



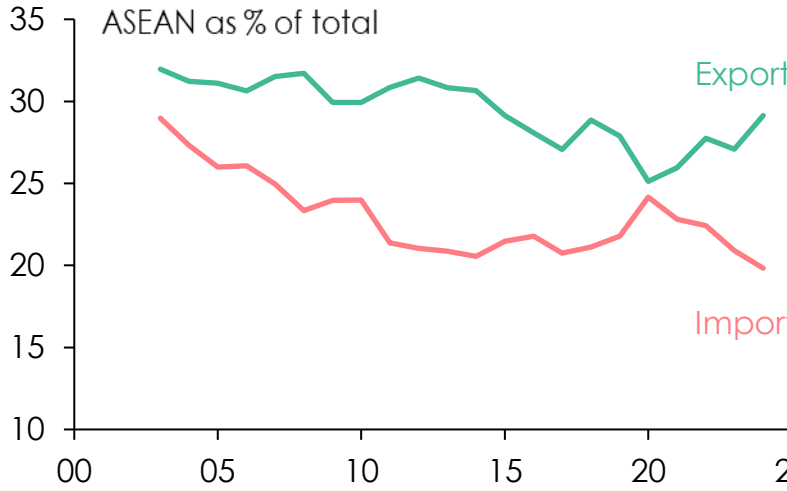
Philippines



Malaysia

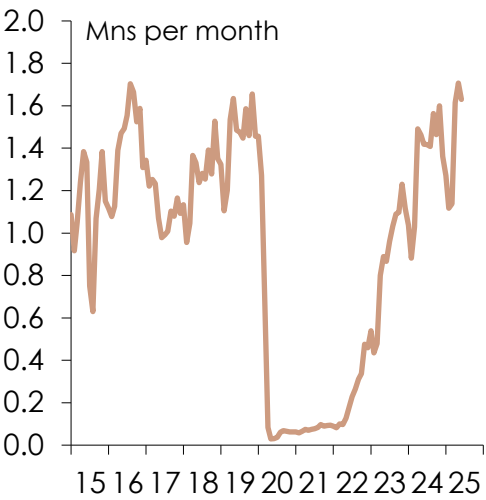


Singapore

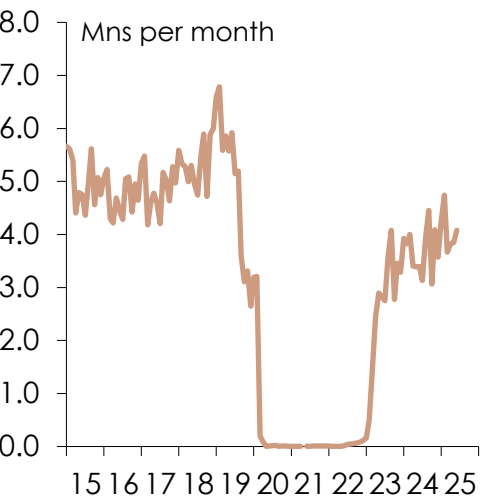


Tourism remains below pre-Covid levels in most Asian economies, except for Malaysia and Vietnam

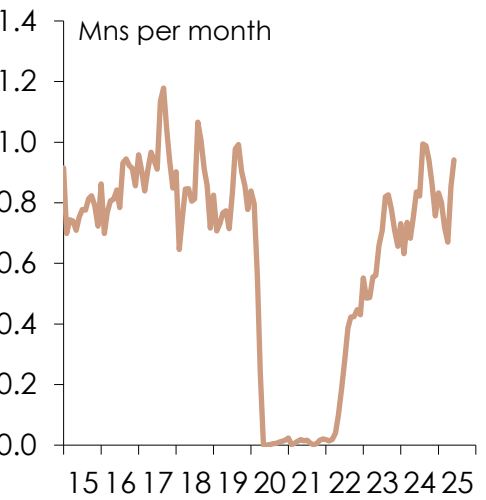
Korea



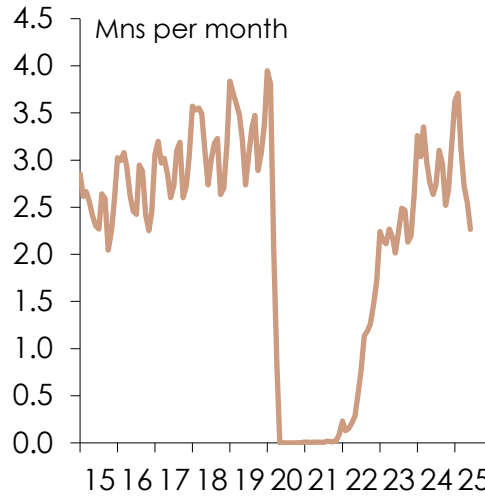
Hong Kong



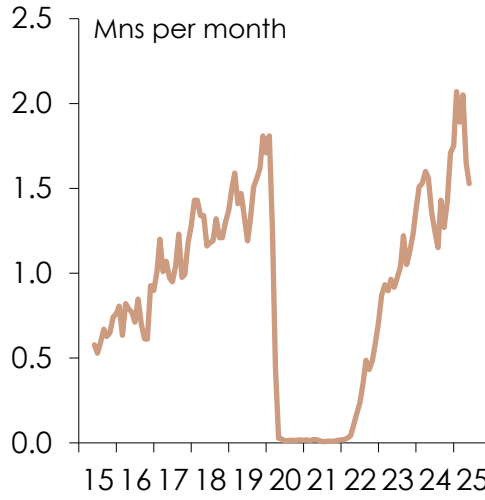
Indonesia



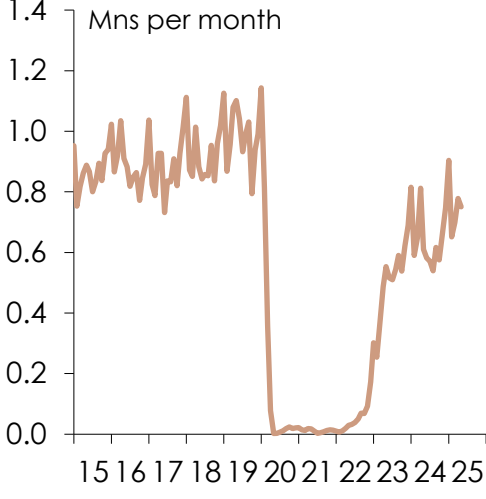
Thailand



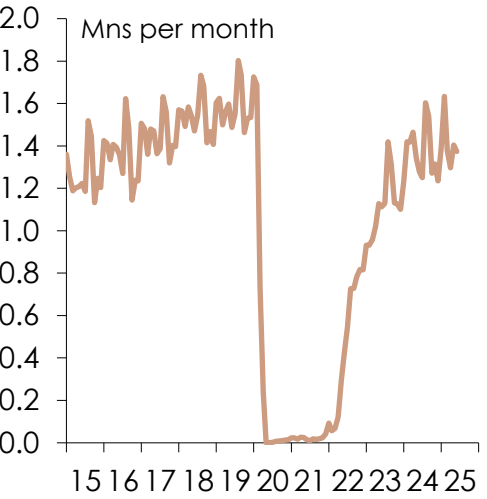
Vietnam



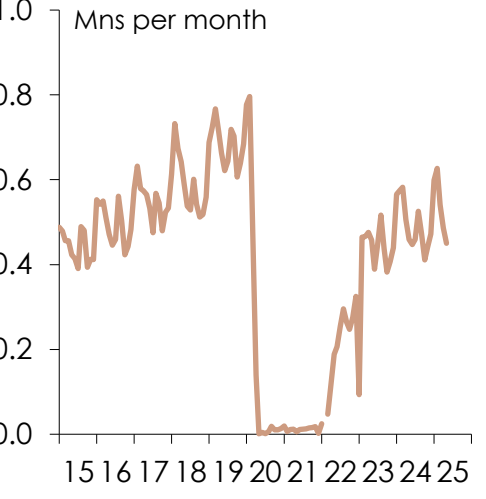
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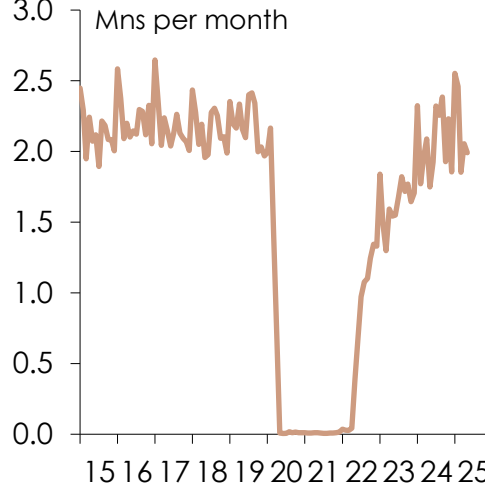
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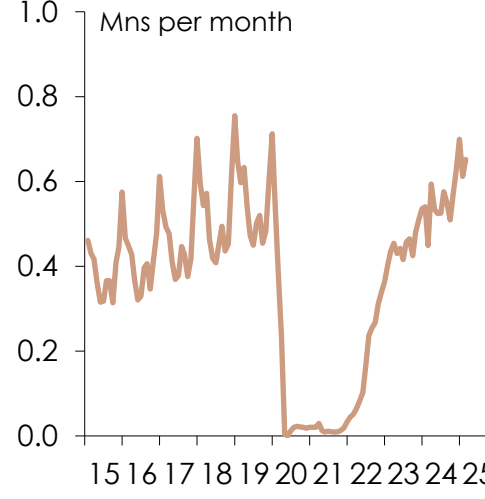
Philippines



Malaysia



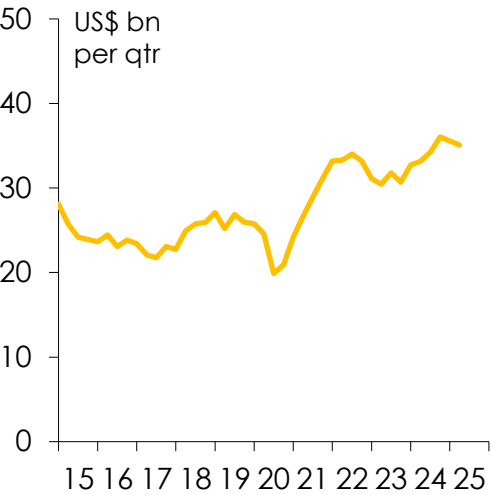
Cambodia



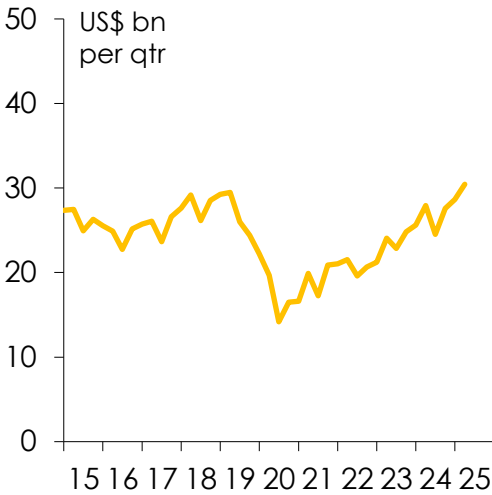
Note: These data are not seasonally adjusted. Sources: [Korea Tourism Organization](#); [Taiwan Directorate-General of Budget, Accounting and Statistics](#); [Hong Kong Census and Statistics Department](#); [Singapore Tourism Board](#); [Indonesia Central Statistics Agency](#); [Philippines Statistics Authority](#); [Bank of Thailand](#); [Tourism Malaysia](#); [Viet Nam National Authority of Tourism](#); [Cambodia Ministry of Tourism](#).

Singapore is the clear regional leader in services exports, followed by Korea & HK, but Thailand and Malaysia are seeing rapid growth in this area

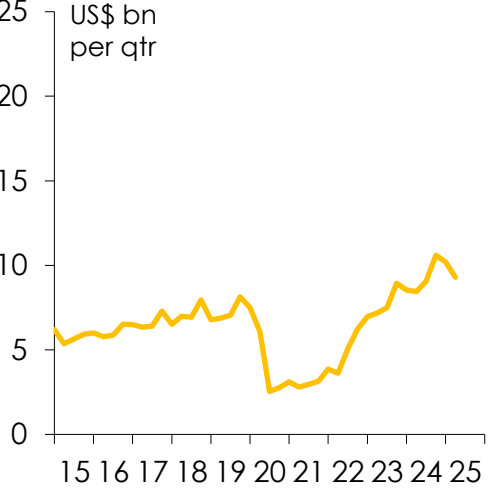
Korea



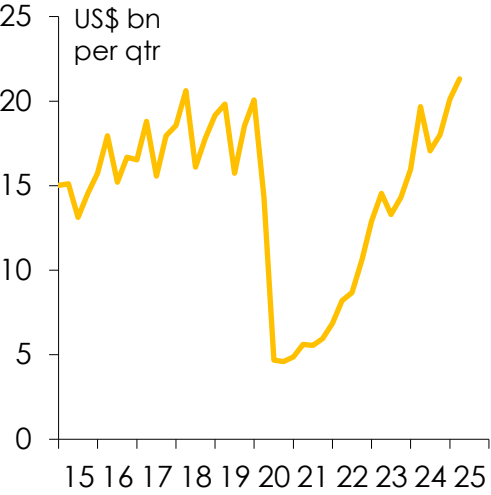
Hong Kong



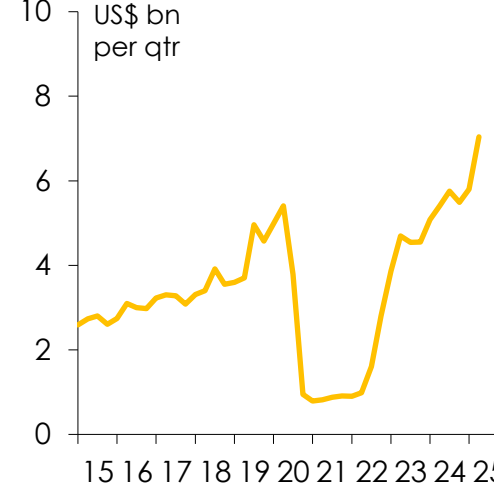
Indonesia



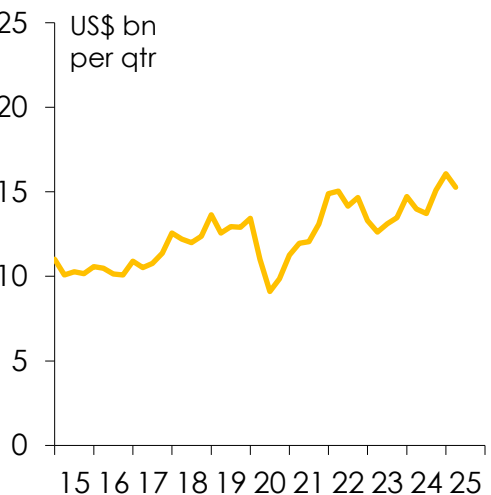
Thailand



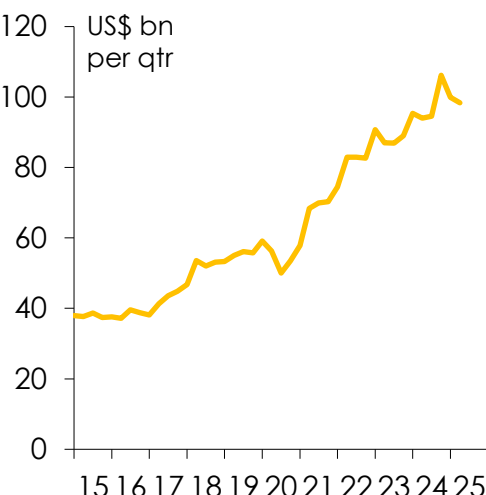
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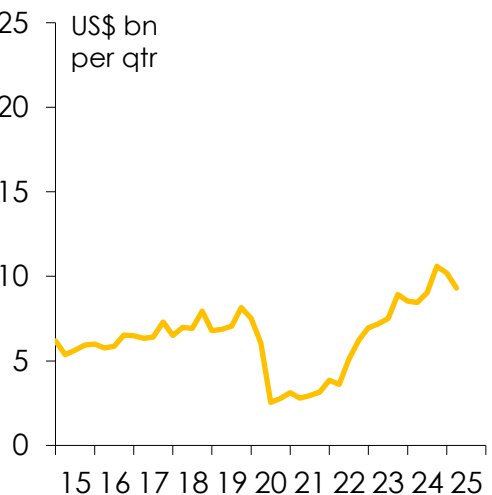
Taiwan



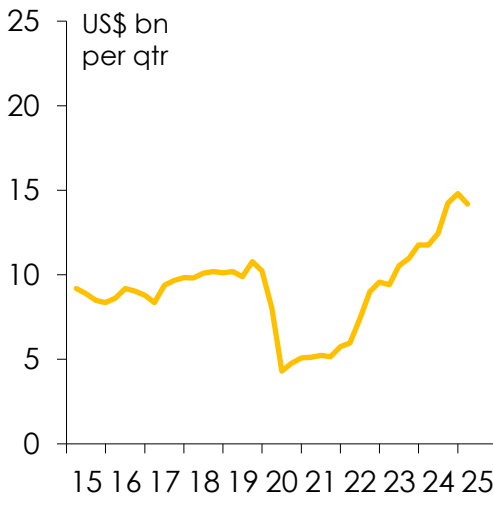
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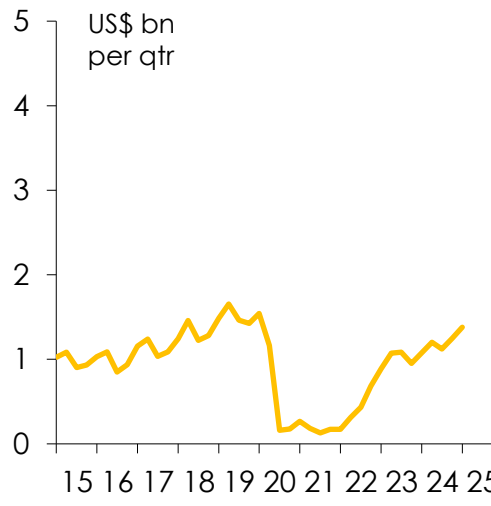
Philippines



Malaysia



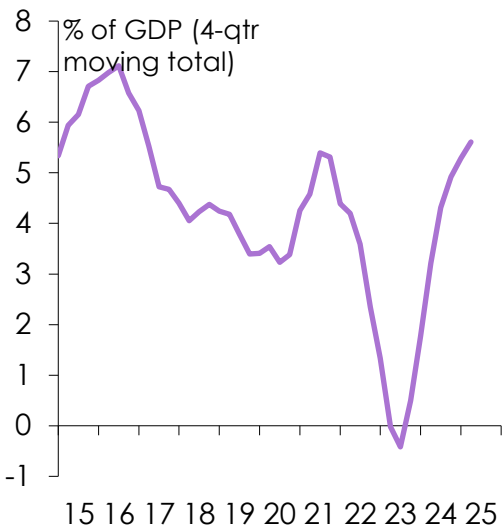
Cambodia



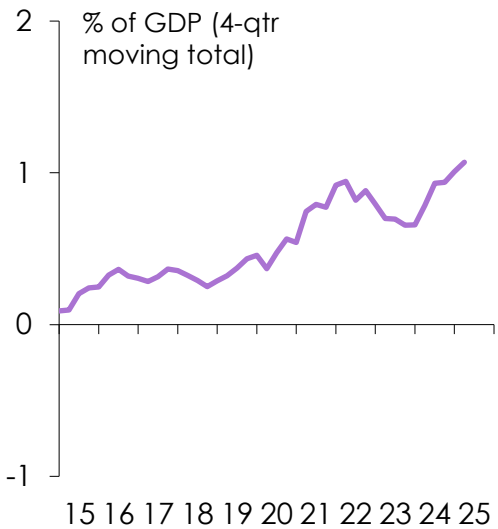
Sources: [Bank of Korea](#); [Central Bank of the Republic of China \(Taiwan\)](#); [Hong Kong Census and Statistics Department](#); [SingStat](#); [Statistics Indonesia](#); [Bangko Sentral ng Pilipinas](#); [Bank of Thailand](#); [State Bank of Vietnam](#); [National Bank of Cambodia](#).

Asian economies, except for the Philippines and Cambodia, are running current account surpluses (and in some cases very large ones)

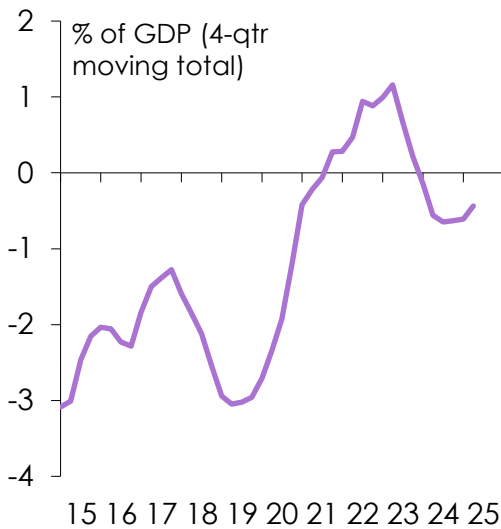
Korea



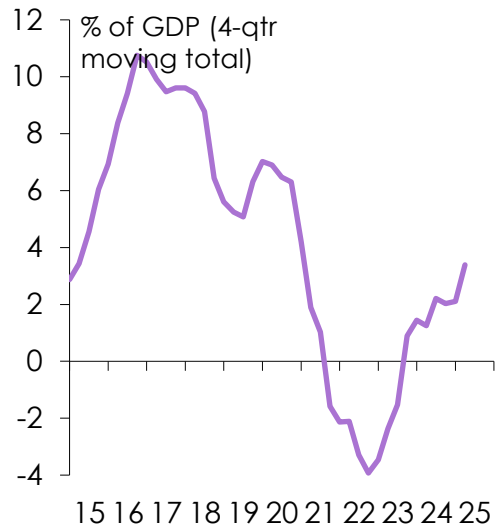
Hong Kong



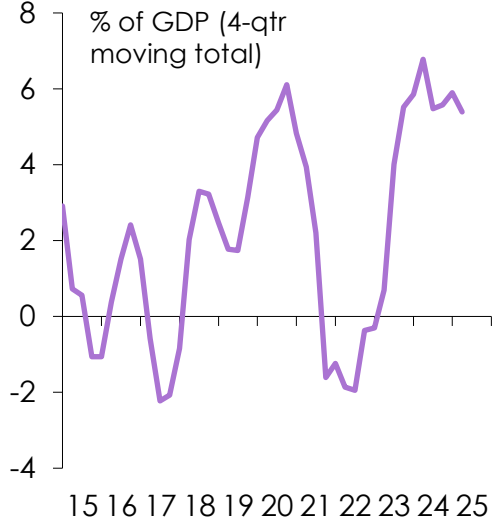
Indonesia



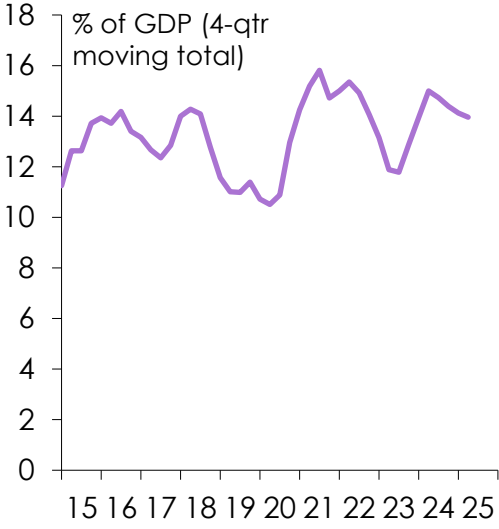
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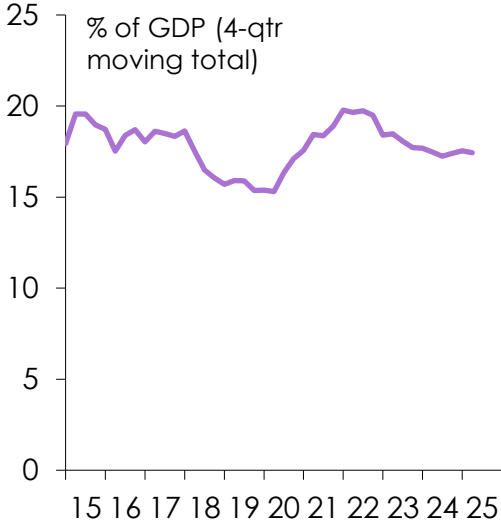
Vietnam



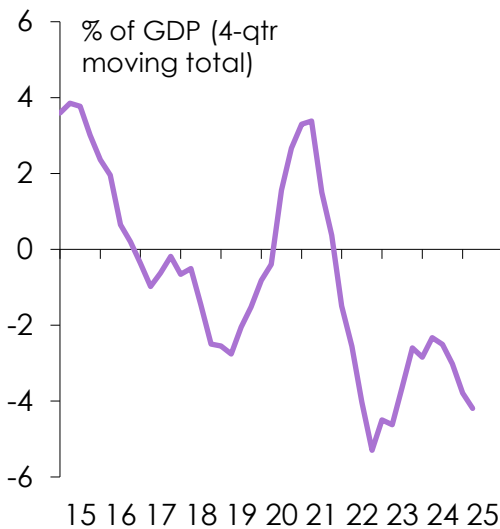
Taiwan



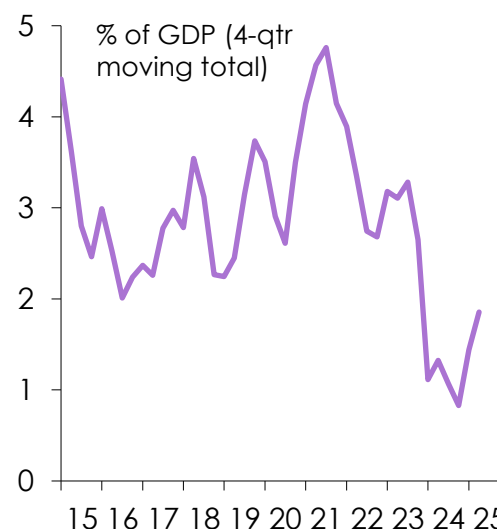
Singapore



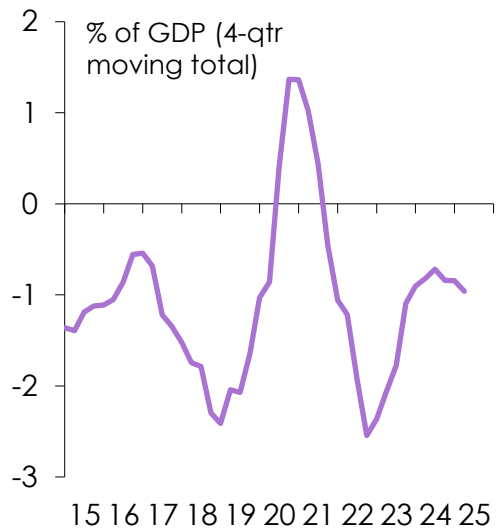
Philippines



Malaysia



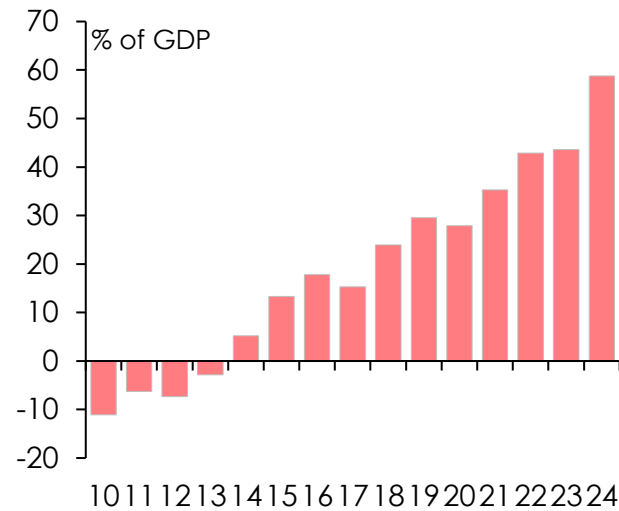
Cambodia



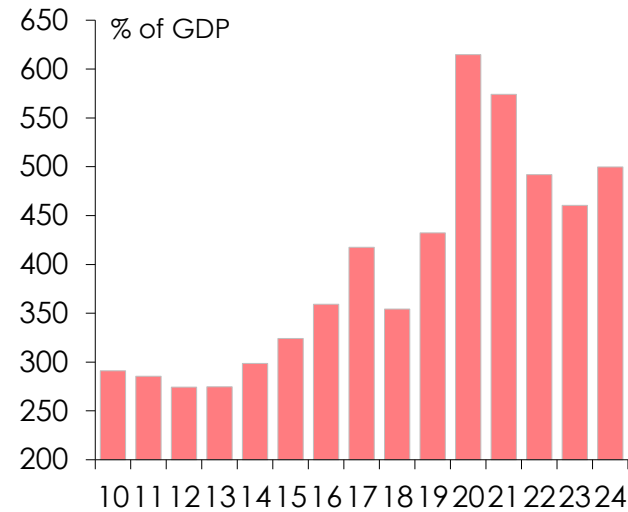
Sources: [Bank of Korea](#); [Central Bank of the Republic of China \(Taiwan\)](#); [Hong Kong Census and Statistics Department](#); [Statistics Singapore](#); [Indonesia Central Statistics Agency](#); [Bangko Sentral ng Pilipinas](#); [Bank of Thailand](#); [Department of Statistics Malaysia](#); [State Bank of Vietnam](#); [National Bank of Cambodia](#).

HK, Singapore, Taiwan and now Korea have strong net external asset positions – Indonesia and the Philippines are much weaker

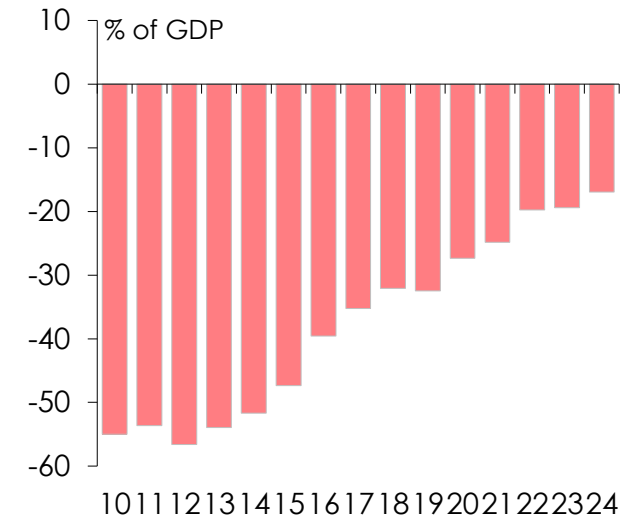
Korea



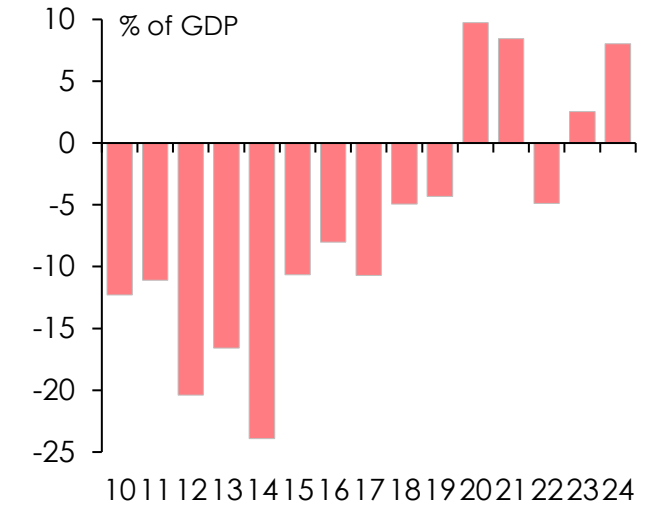
Hong Kong



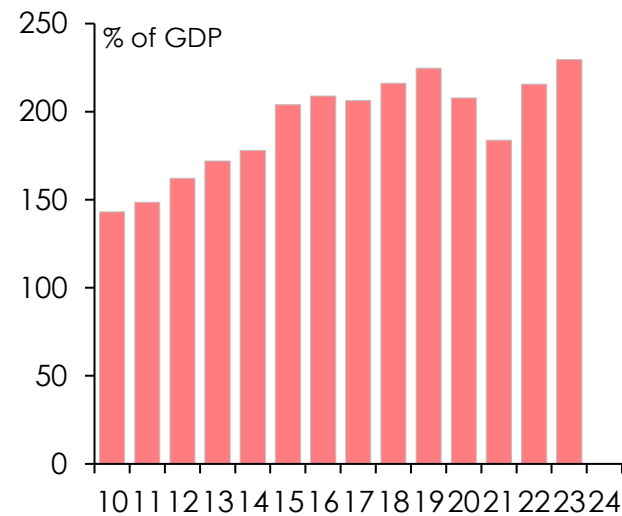
Indonesia



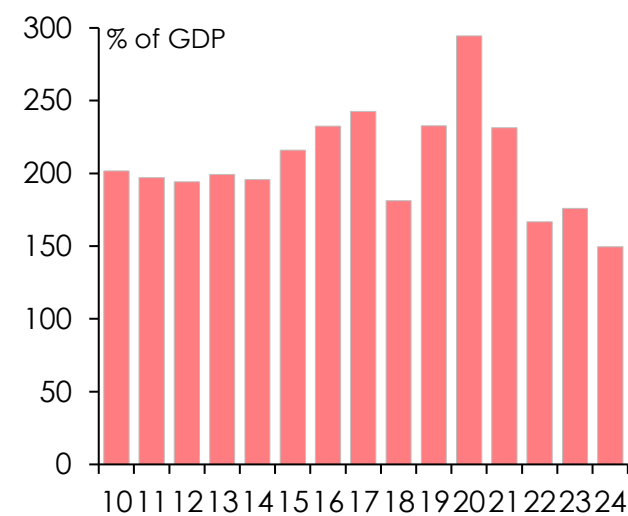
Thailand



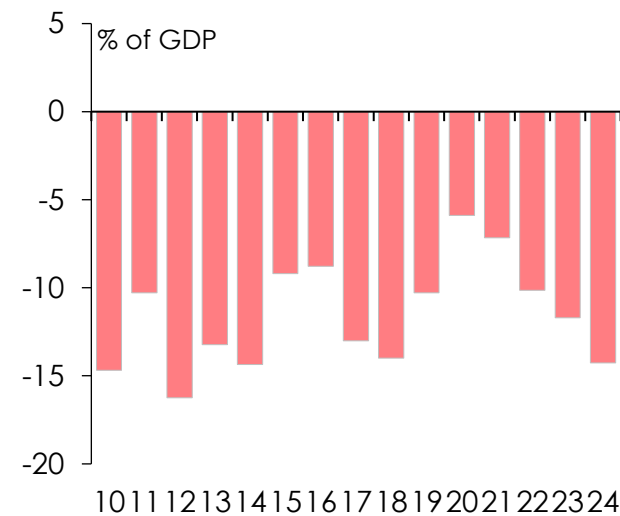
Taiwan



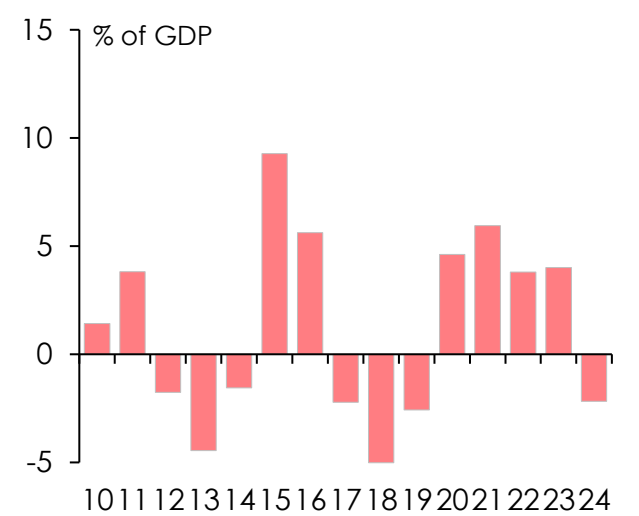
Singapore



Philippines

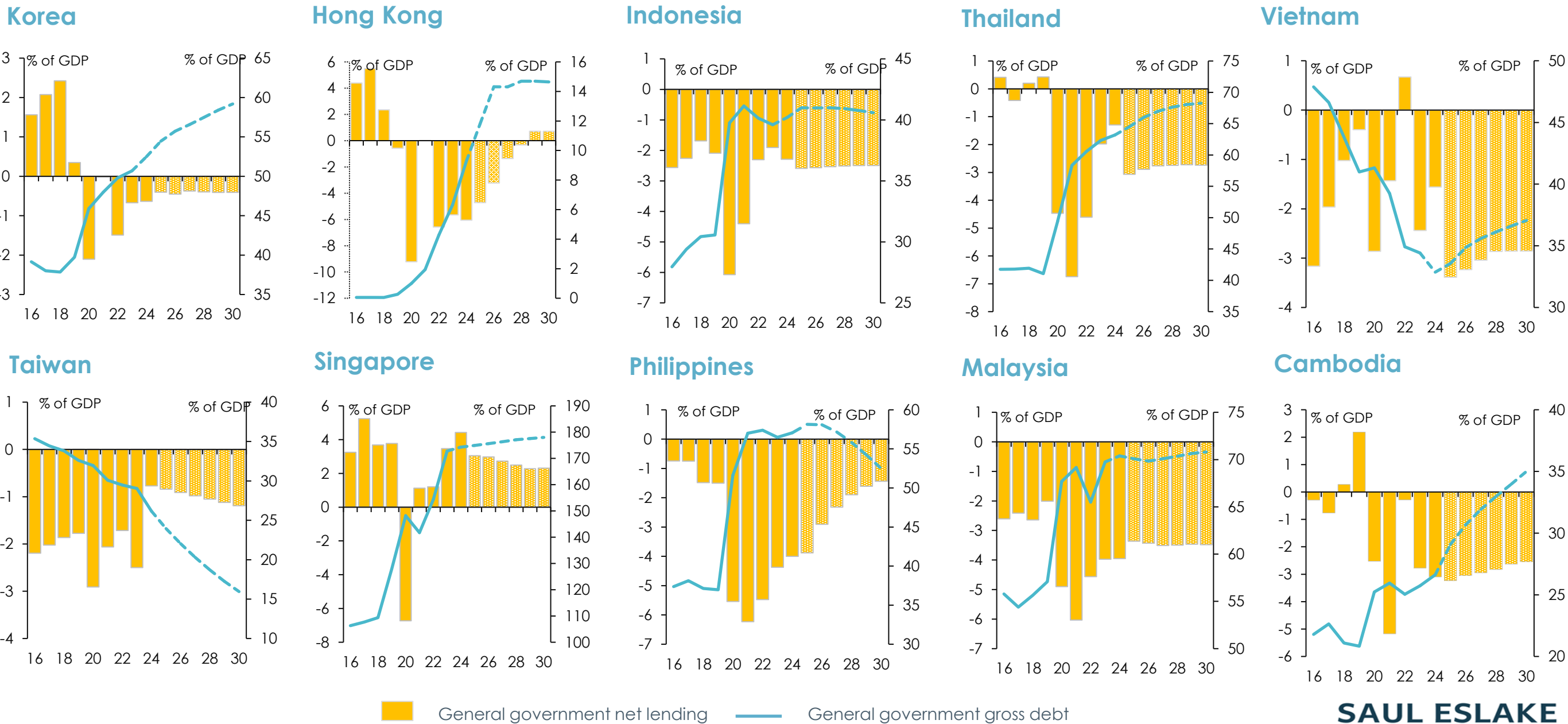


Malaysia



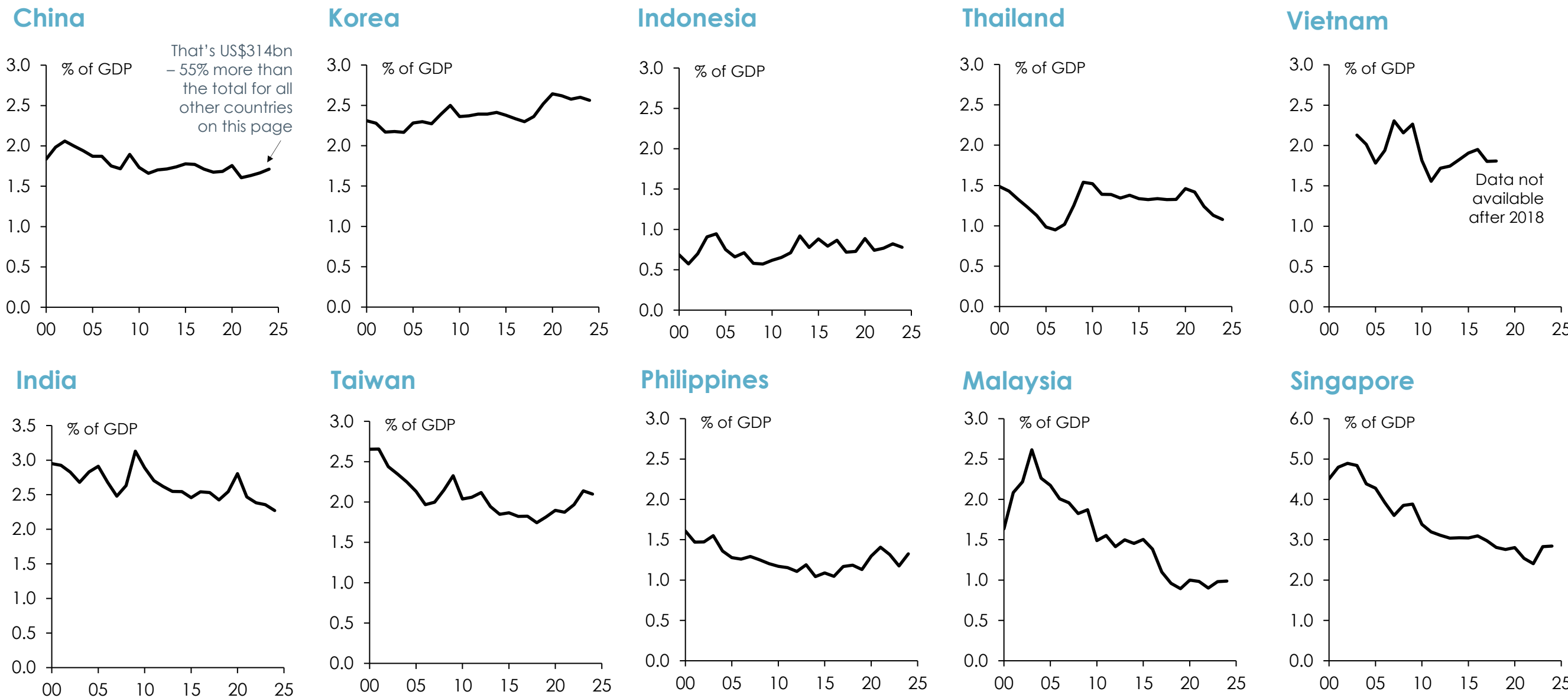
Sources: [Bank of Korea](#); [Central Bank of the Republic of China \(Taiwan\)](#); [Hong Kong Census and Statistics Department](#); [SingStat](#); [Bank Indonesia](#); [Bangko Sentral ng Pilipinas](#); [Bank of Thailand](#); [Bank Negara Malaysia](#).

Most Asian governments are running fairly conservative fiscal policies



Source: IMF, [Fiscal Monitor](#), April 2025.

Asian governments' military spending is bound to increase in the years ahead given heightened geo-political uncertainties



Source: Stockholm International Peace Research Institute, [SIPRI Military Expenditure Database](#).

South-East Asians still trust the US more than China to ‘do the right thing’ – but both lag well behind Japan and the EU in South-East Asian eyes

Q38 How confident are you that China will “do the right thing” to contribute to global peace, security, prosperity, and governance?

Country	No Confidence		Little Confidence		No Comment		Confident		Very Confident	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
ASEAN-10	15.3%	13.8%	34.8%	27.4%	25.1%	22.2%	21.0%	28.5%	3.8%	8.1%
BN	9.1%	4.7%	33.8%	14.8%	41.6%	30.2%	13.0%	34.9%	2.6%	15.4%
KH	12.7%	6.4%	36.0%	31.4%	19.6%	20.9%	26.5%	33.1%	5.3%	8.1%
ID	9.4%	13.9%	39.6%	33.3%	17.0%	18.7%	30.6%	30.6%	3.4%	3.6%
LA	8.1%	6.6%	19.4%	11.3%	40.0%	15.9%	26.3%	43.7%	6.3%	22.5%
MY	8.4%	8.8%	32.0%	31.7%	27.6%	27.9%	27.1%	25.4%	4.9%	6.3%
MM	28.0%	24.7%	37.6%	20.6%	25.9%	20.6%	7.4%	24.7%	1.1%	9.3%
PH	28.8%	35.4%	42.3%	34.0%	14.9%	14.6%	13.0%	13.6%	0.9%	2.4%
SG	12.5%	7.9%	38.8%	37.6%	23.1%	26.0%	20.5%	25.2%	5.1%	3.3%
TH	11.4%	7.1%	36.3%	30.6%	18.4%	19.9%	30.3%	35.2%	3.5%	7.1%
VN	24.5%	22.6%	32.0%	28.4%	23.5%	27.1%	15.5%	18.7%	4.5%	3.2%
TL	N.A.	6.1%	N.A.	22.7%	N.A.	34.8%	N.A.	33.3%	N.A.	3.0%

Q39 How confident are you that the EU will “do the right thing” to contribute to global peace, security, prosperity, and governance?

Country	No Confidence		Little Confidence		No Comment		Confident		Very Confident	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
ASEAN-10	7.1%	4.7%	27.8%	23.1%	23.7%	20.3%	35.7%	42.3%	5.8%	9.6%
BN	10.4%	4.0%	36.4%	12.8%	35.1%	23.5%	16.9%	38.3%	1.3%	21.5%
KH	7.9%	3.5%	29.1%	15.1%	15.9%	17.4%	40.2%	50.0%	6.9%	14.0%
ID	14.0%	11.9%	40.0%	35.3%	14.7%	13.1%	27.2%	36.5%	4.2%	3.2%
LA	8.8%	3.3%	16.9%	14.6%	40.0%	17.2%	27.5%	49.0%	6.9%	15.9%
MY	9.8%	7.1%	32.9%	37.9%	25.8%	26.7%	28.9%	25.0%	2.7%	3.3%
MM	5.3%	4.6%	27.0%	17.0%	26.5%	13.4%	34.9%	50.0%	6.3%	14.9%
PH	2.8%	2.4%	22.3%	25.2%	11.6%	16.5%	54.4%	51.0%	8.8%	4.9%
SG	5.5%	4.1%	37.7%	31.4%	19.4%	28.9%	33.3%	32.6%	4.0%	2.9%
TH	4.5%	3.6%	22.4%	23.0%	24.9%	24.0%	43.3%	41.3%	5.0%	8.2%
VN	2.0%	2.6%	13.0%	18.7%	23.0%	22.6%	50.5%	49.0%	11.5%	7.1%
TL	N.A.	4.5%	N.A.	16.7%	N.A.	25.8%	N.A.	42.4%	N.A.	10.6%

Q42 How confident are you that the US will “do the right thing” to contribute to global peace, security, prosperity, and governance?

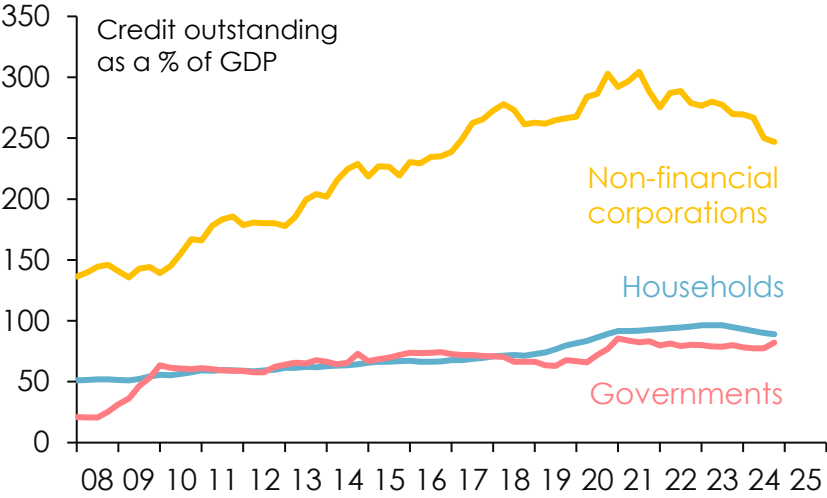
Country	No Confidence		Little Confidence		No Comment		Confident		Very Confident	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
ASEAN-10	14.1%	10.1%	23.5%	22.9%	20.0%	19.8%	32.0%	35.4%	10.4%	11.8%
BN	32.5%	10.1%	28.6%	14.1%	22.1%	22.1%	11.7%	36.9%	5.2%	16.8%
KH	7.4%	4.7%	21.7%	20.9%	14.3%	15.7%	47.1%	44.8%	9.5%	14.0%
ID	34.3%	26.2%	27.9%	32.1%	14.0%	16.7%	19.2%	20.6%	4.5%	4.4%
LA	13.1%	7.3%	20.0%	15.9%	37.5%	15.9%	23.8%	40.4%	5.6%	20.5%
MY	20.9%	21.3%	36.0%	35.0%	20.0%	20.4%	20.0%	20.4%	3.1%	2.9%
MM	5.3%	6.7%	23.8%	19.6%	21.7%	19.1%	34.9%	43.3%	14.3%	11.3%
PH	2.3%	2.4%	14.4%	18.0%	9.3%	13.1%	49.8%	51.5%	24.2%	15.0%
SG	13.6%	11.2%	27.8%	36.0%	20.5%	28.9%	31.1%	21.5%	7.0%	2.5%
TH	8.5%	8.2%	23.9%	25.0%	20.9%	22.4%	34.3%	34.2%	12.4%	10.2%
VN	3.5%	3.2%	10.5%	12.9%	19.5%	23.2%	48.5%	40.0%	18.0%	20.6%
TL	N.A.	6.1%	N.A.	9.1%	N.A.	33.3%	N.A.	47.0%	N.A.	4.5%

Q41 How confident are you that Japan will “do the right thing” to contribute to global peace, security, prosperity, and governance?

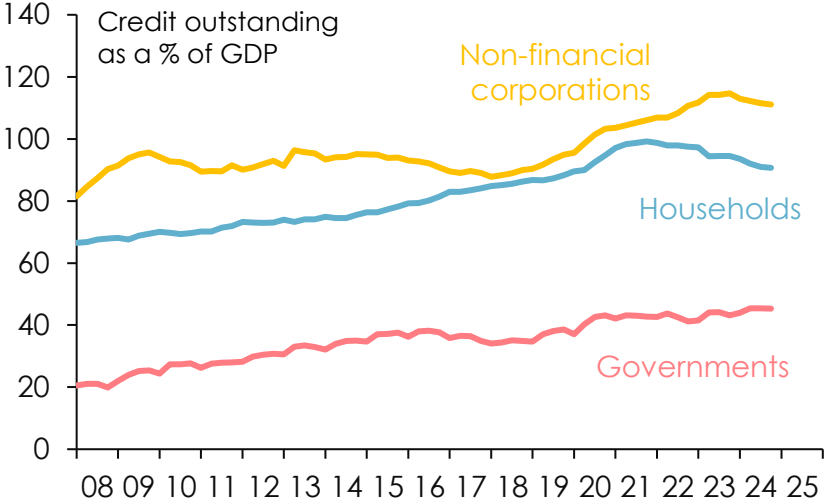
Country	No Confidence		Little Confidence		No Comment		Confident		Very Confident	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
ASEAN-10	3.3%	2.6%	16.5%	13.9%	21.3%	16.7%	44.9%	51.8%	14.0%	15.0%
BN	1.3%	1.3%	20.8%	4.7%	26.0%	22.1%	33.8%	53.7%	18.2%	18.1%
KH	5.8%	1.7%	19.0%	10.5%	13.2%	14.0%	43.9%	53.5%	18.0%	20.3%
ID	2.6%	4.8%	26.0%	21.8%	13.2%	11.9%	50.6%	54.8%	7.5%	6.7%
LA	8.1%	4.6%	8.1%	6.6%	42.5%	20.5%	36.9%	48.3%	4.4%	19.9%
MY	3.6%	3.3%	22.7%	19.6%	22.2%	19.6%	42.2%	48.3%	9.3%	9.2%
MM	2.1%	3.1%	25.4%	15.5%	22.8%	15.5%	36.0%	50.0%	13.8%	16.0%
PH	0.9%	0.0%	8.8%	11.7%	7.9%	5.3%	52.1%	61.2%	30.2%	21.8%
SG	4.8%	2.9%	16.1%	26.0%	24.9%	19.4%	45.4%	43.4%	8.8%	8.3%
TH	2.0%	0.5%	11.4%	12.8%	21.4%	20.4%	53.2%	51.0%	11.9%	15.3%
VN	2.0%	3.2%	7.0%	9.7%	19.0%	18.7%	54.5%	53.5%	17.5%	14.8%
TL	N.A.	0.0%	N.A.	9.1%	N.A.	28.8%	N.A.	50.0%	N.A.	12.1%

Hong Kong and Singapore corporates carry a lot of debt, as do Korean and Hong Kong households, while government debt is relatively low

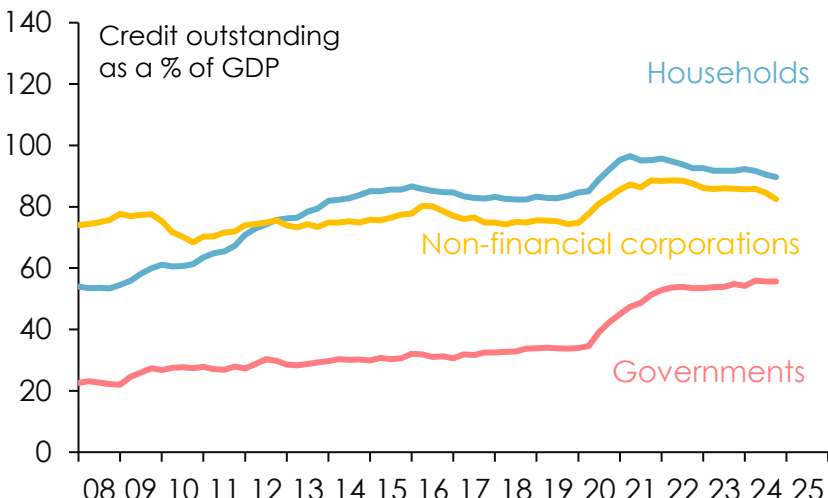
Hong Kong



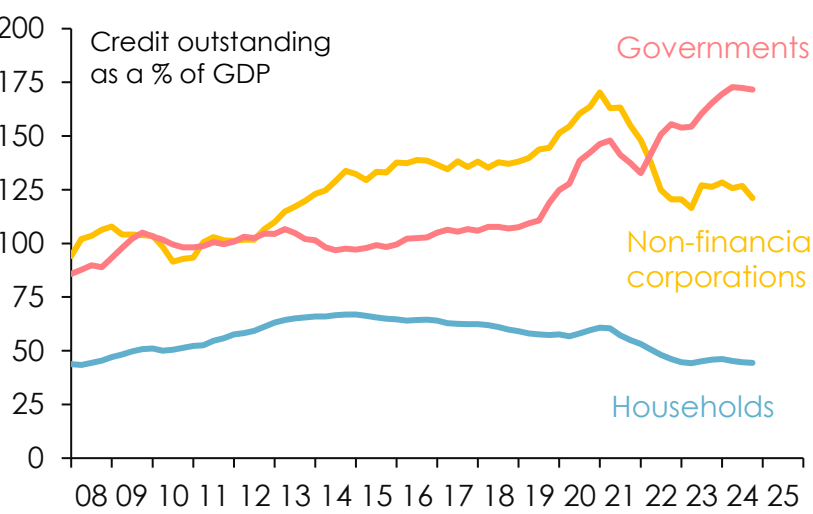
Korea



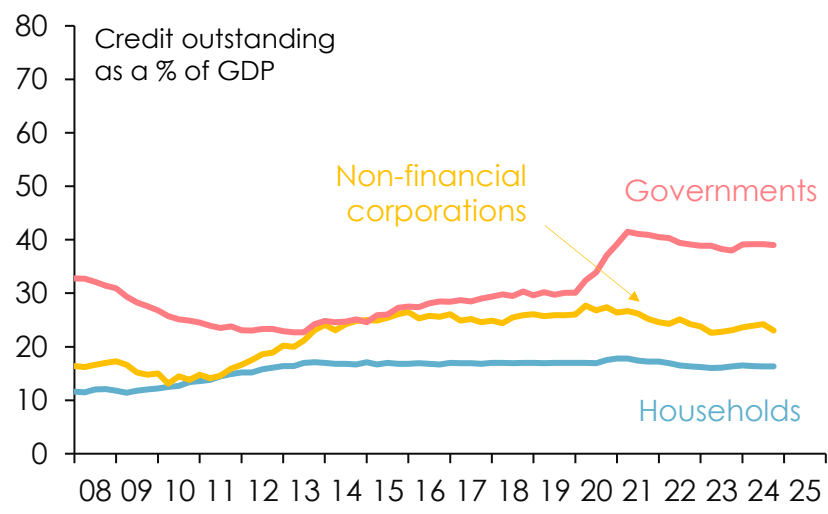
Thailand



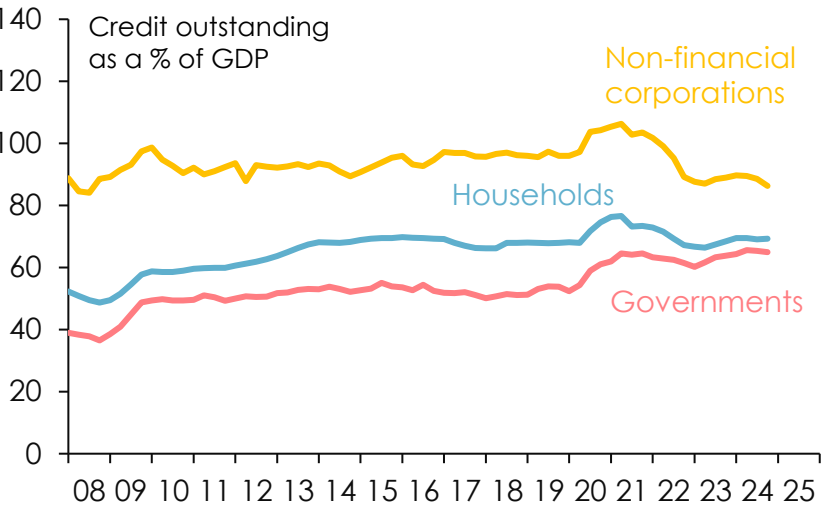
Singapore



Indonesia

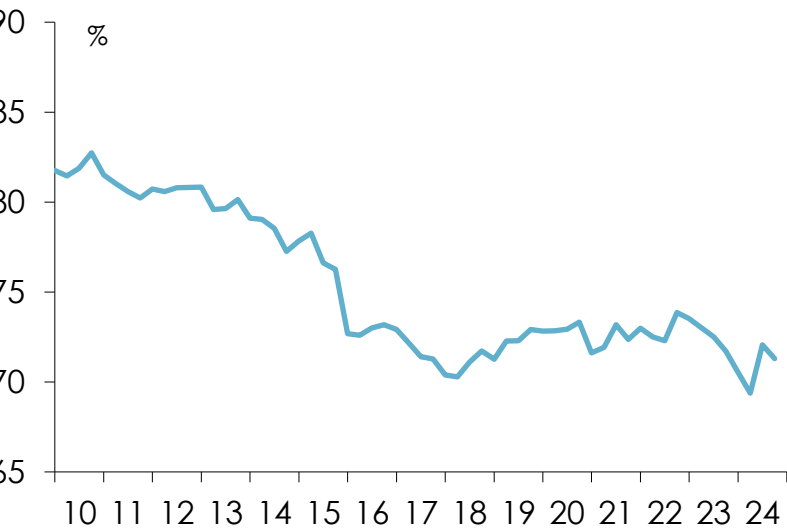


Malaysia

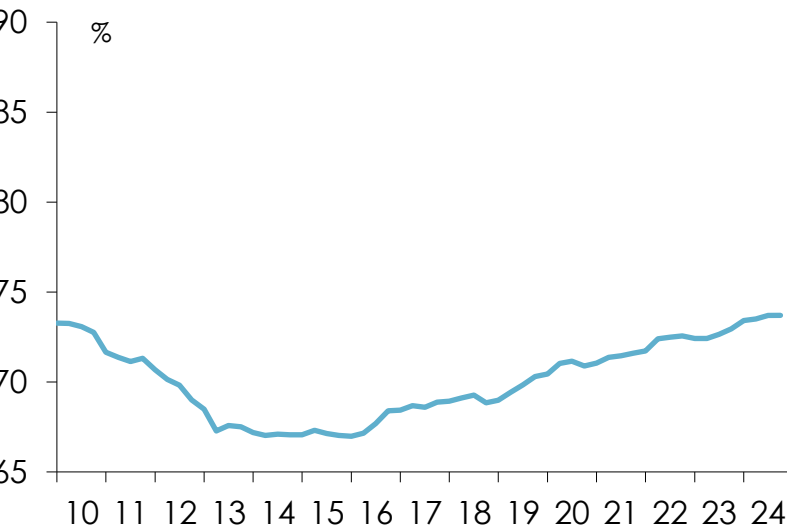


Banks account for a larger share of total credit to the private sector in Asia than in North America or Europe

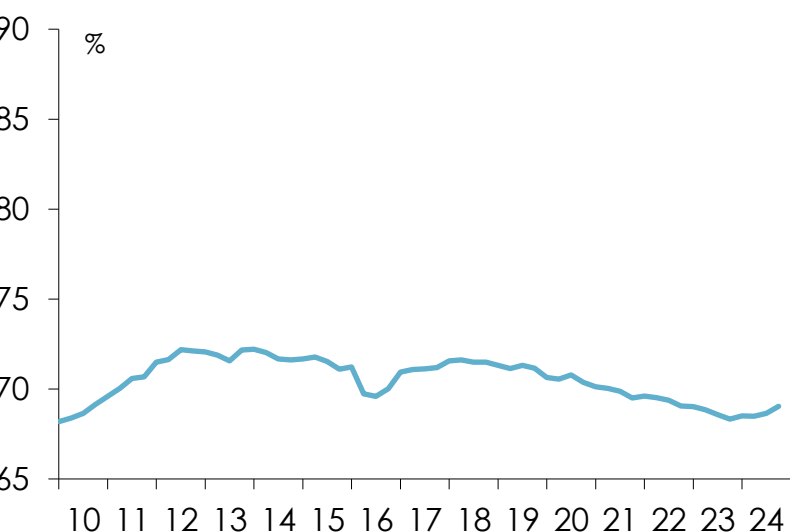
Hong Kong



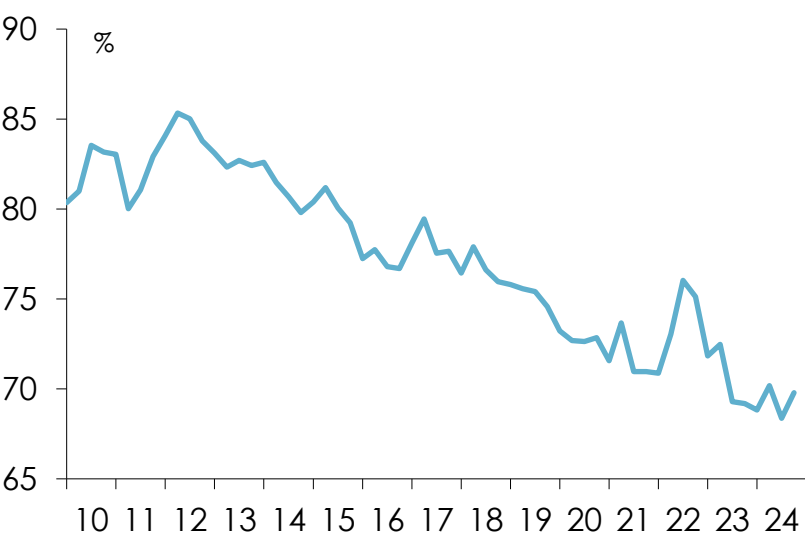
Korea



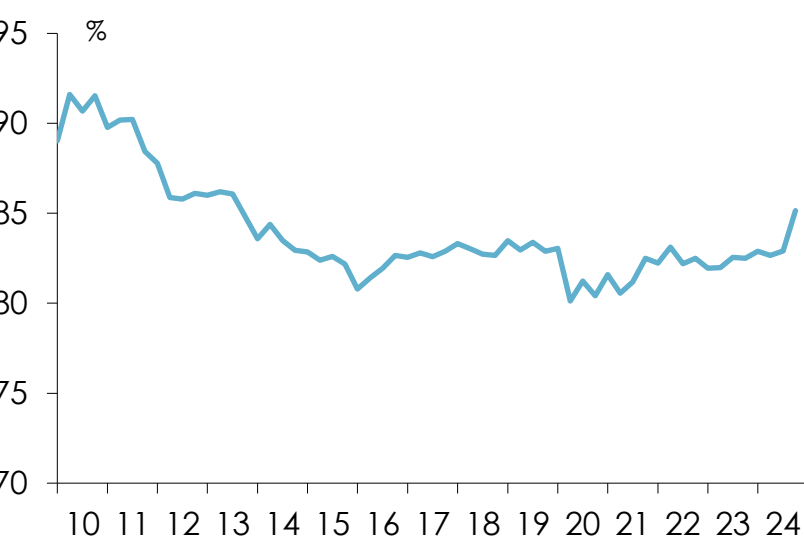
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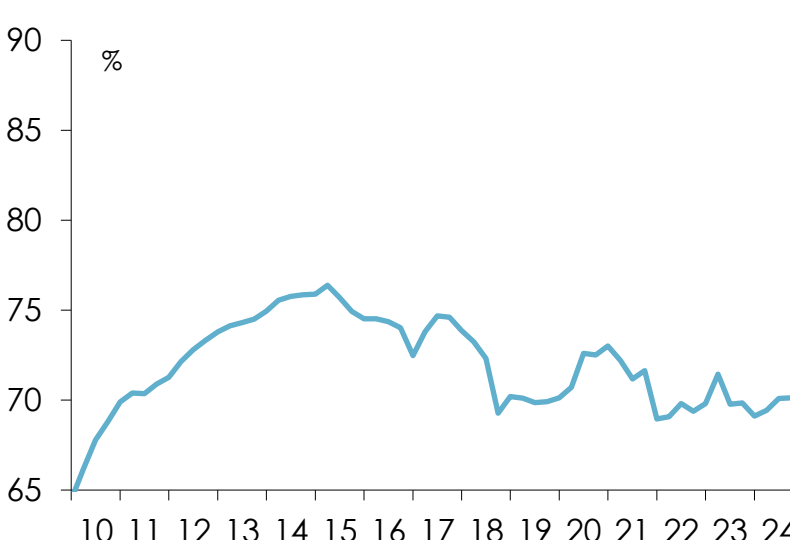
Singapore



Indonesia



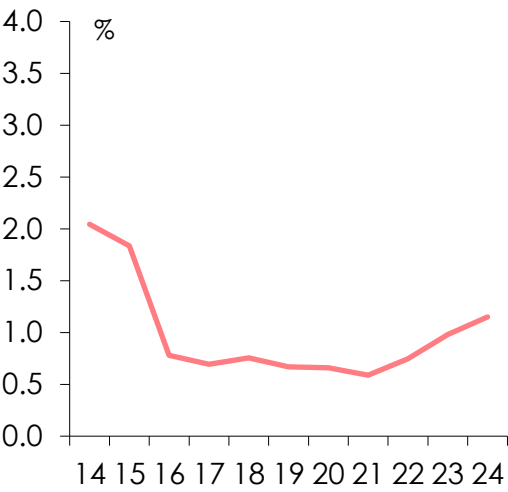
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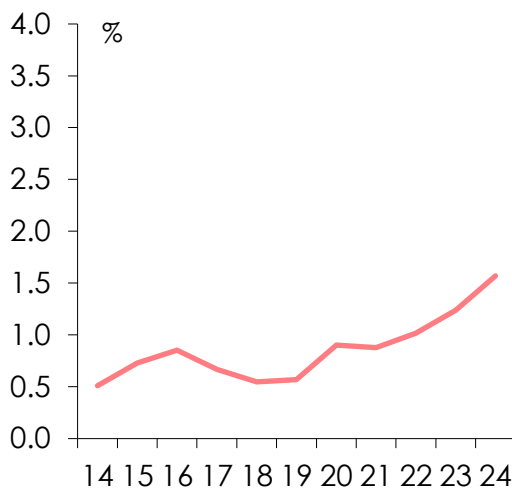
Source: Bank for International Settlements, [Credit to the non-financial sector](#); Corinna.

Bank NPL ratios have been rising in most Asian economies, particularly Vietnam and Cambodia, and (from a lower base) HK and Korea

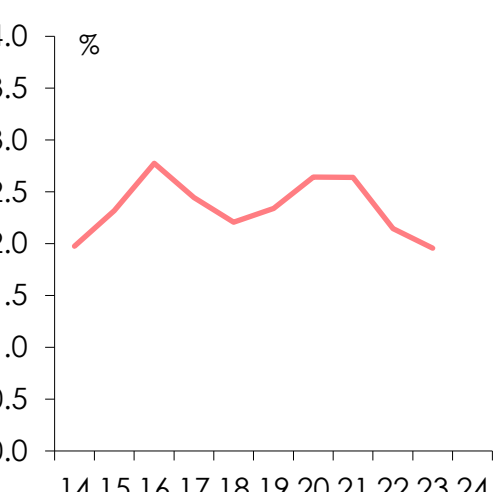
Korea



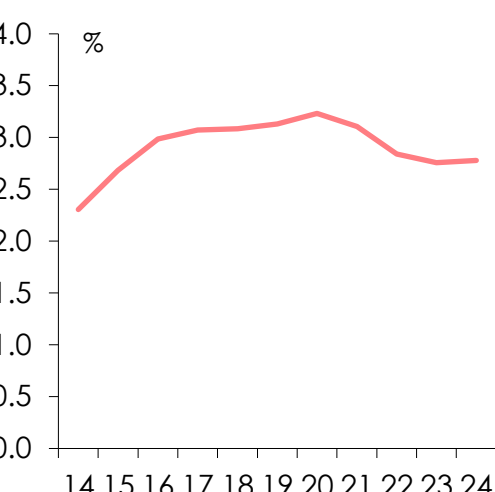
Hong Kong



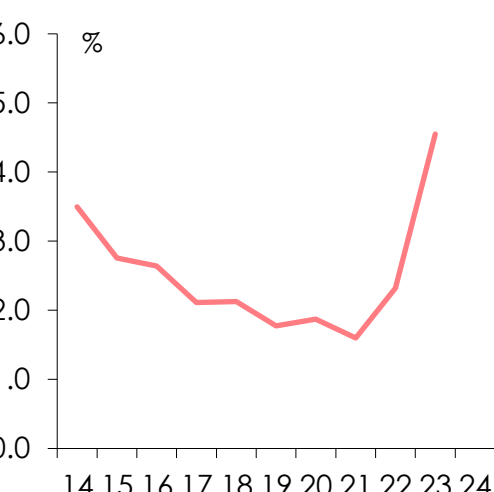
Indonesia



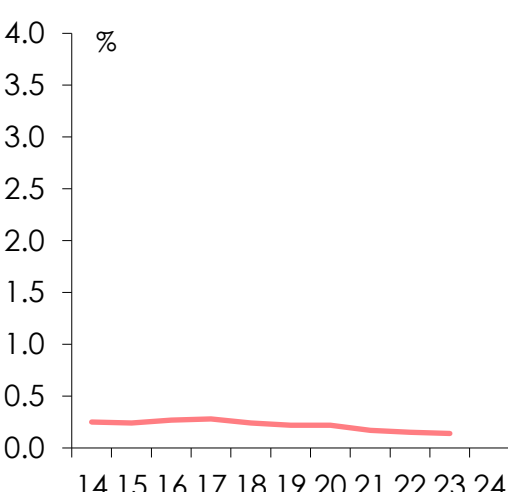
Thailand



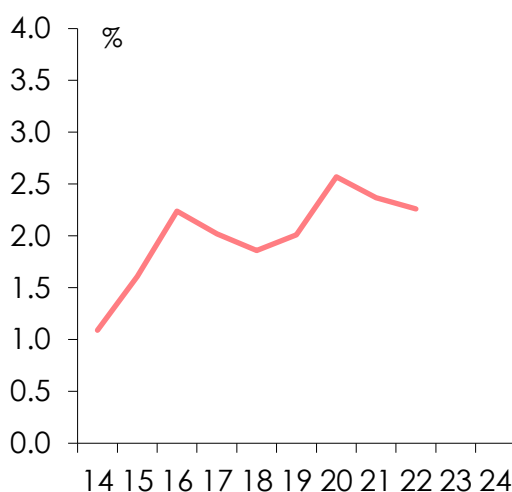
Vietnam



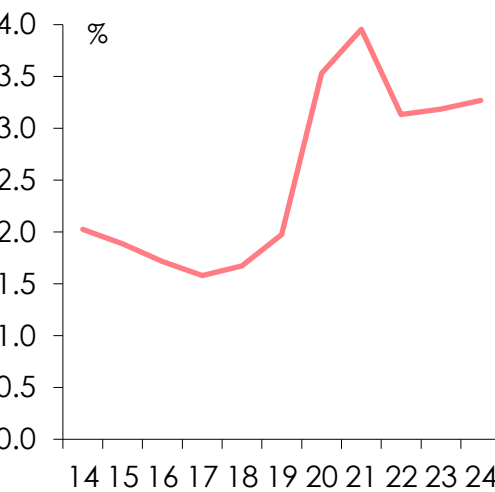
Taiwan



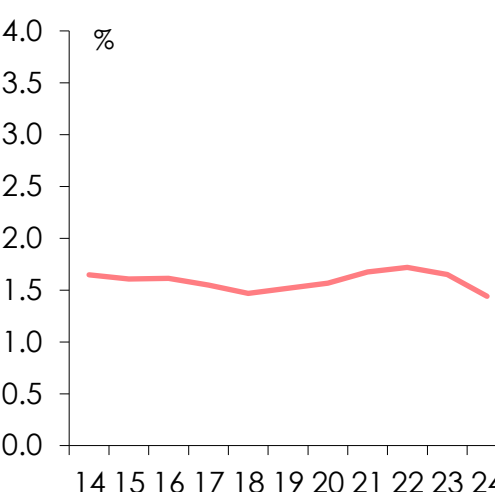
Singapore



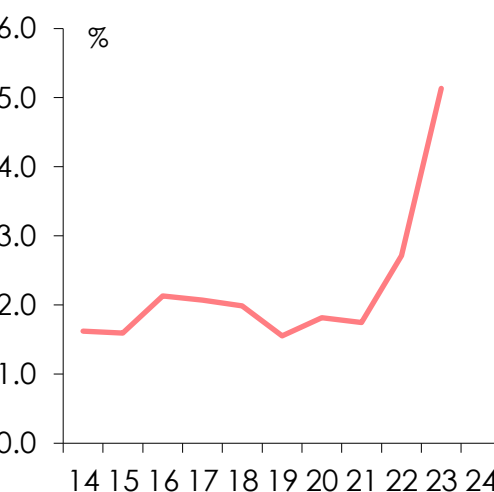
Philippines



Malaysia

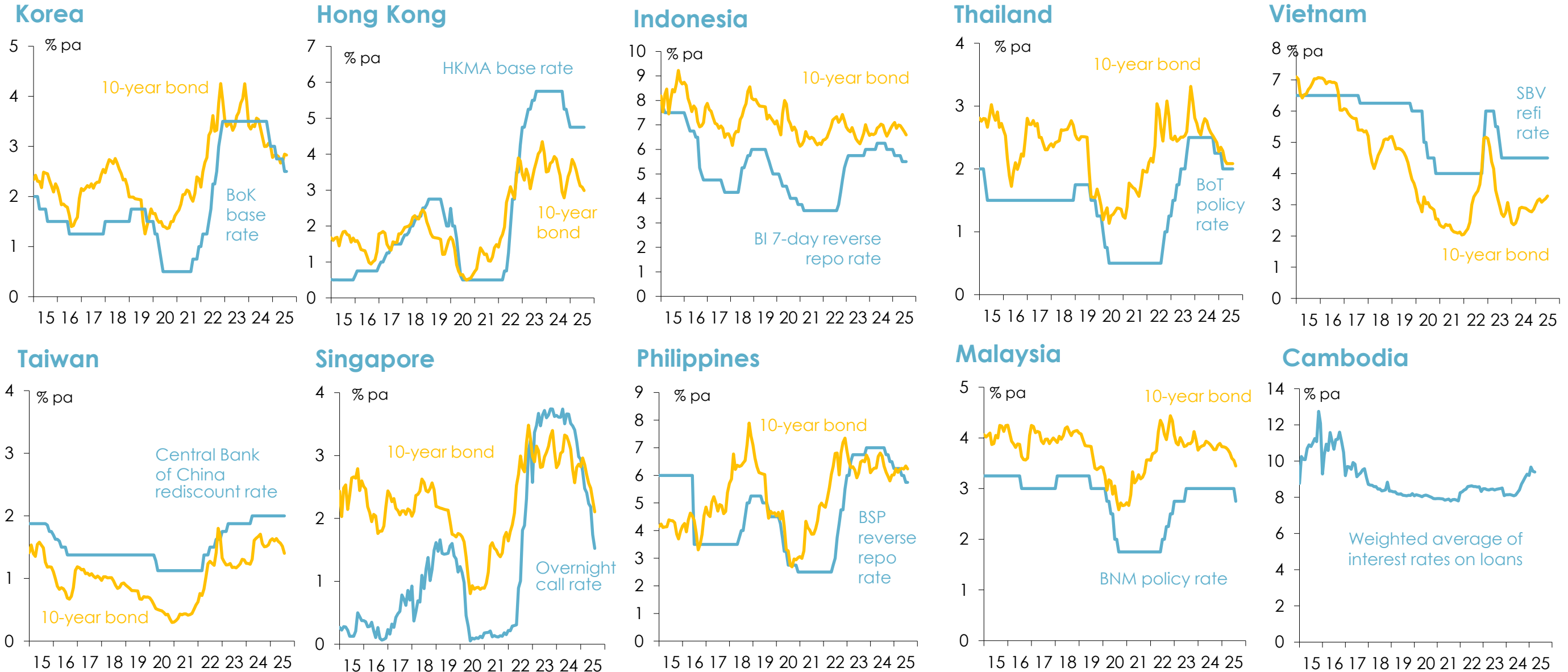


Cambodia



Note: MAS ceased publication of banks' NPL ratios in 2022.
Sources: [Asian Development Bank](#); [Korea Financial Services Commission](#); [Central Bank of the Republic of China \(Taiwan\)](#); [Monetary Authority of Singapore](#); [Bangko Sentral ng Pilipinas](#); [Bank of Thailand](#); [Bank Negara Malaysia](#).

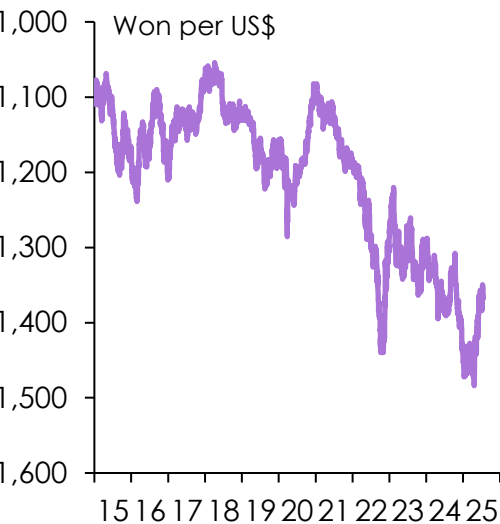
Asian central banks have been lowering policy interest rates as inflation has come down – except in Taiwan, Malaysia and Vietnam



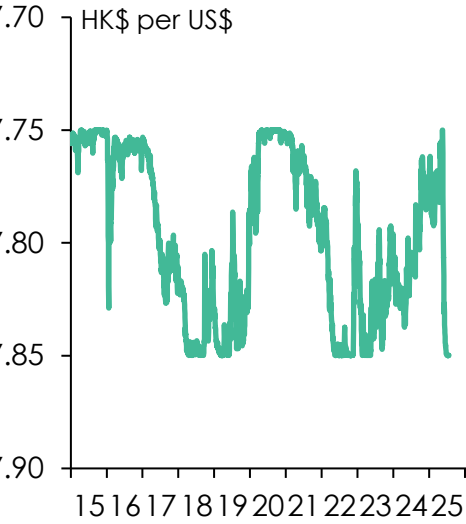
Note: Neither Hong Kong nor Singapore use a monetary policy indicator interest rate. Hong Kong has a currency board system, under which the HKMA base rate moves in line with a pre-set formula based on the US fed funds rate; the Monetary Authority of Singapore uses the (effective) exchange rate as its principal monetary policy instrument. The National Bank of Cambodia administers monetary policy primarily through changes in bank reserve requirement ratios. Sources: national central banks; LSEG Datastream.

Most Asian currencies have strengthened against the weaker US\$ this year – with the exceptions of the rupiah, peso and dong

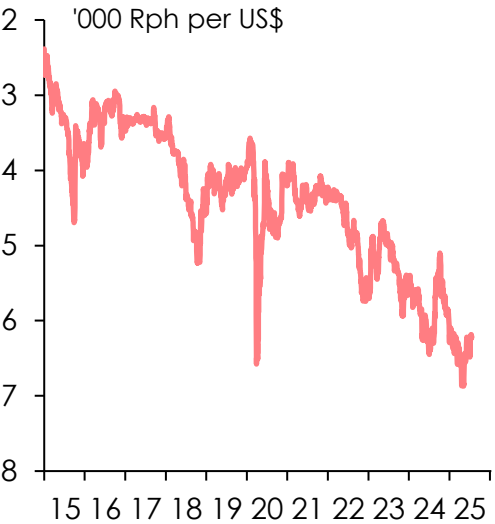
Korean won



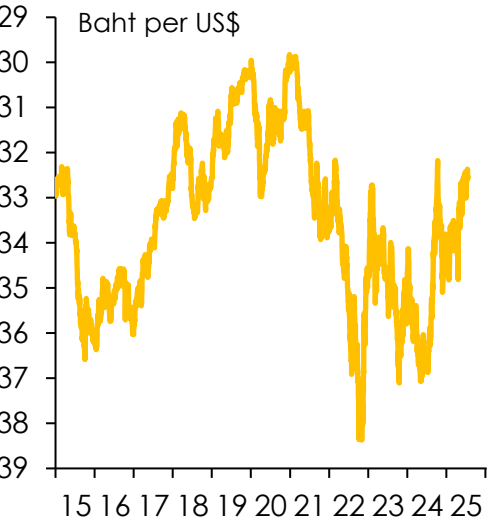
Hong Kong dollar



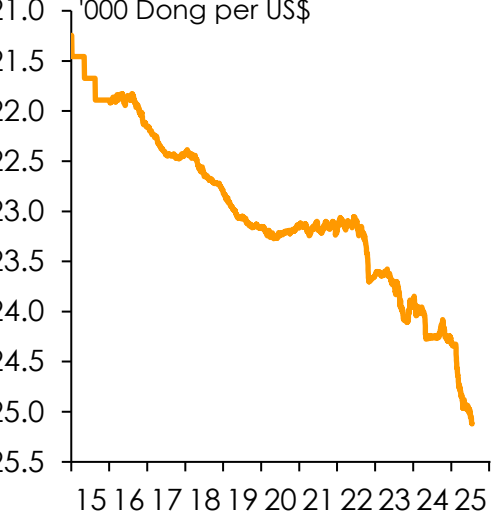
Indonesian rupiah



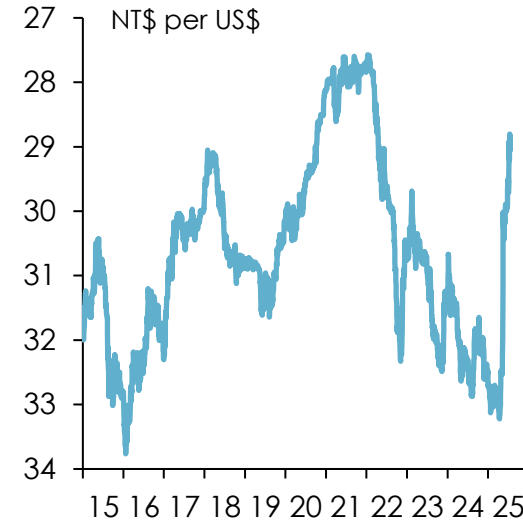
Thai baht



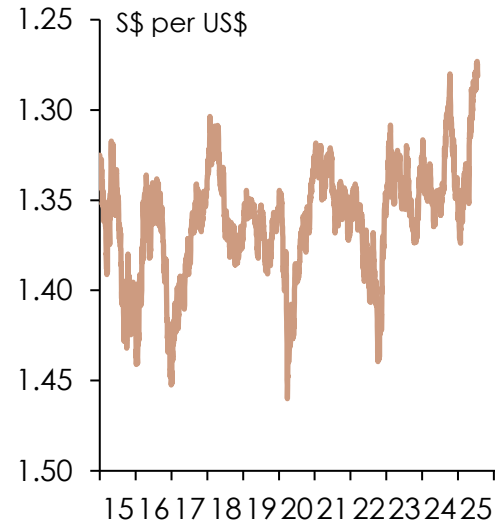
Vietnamese dong



New Taiwan dollar



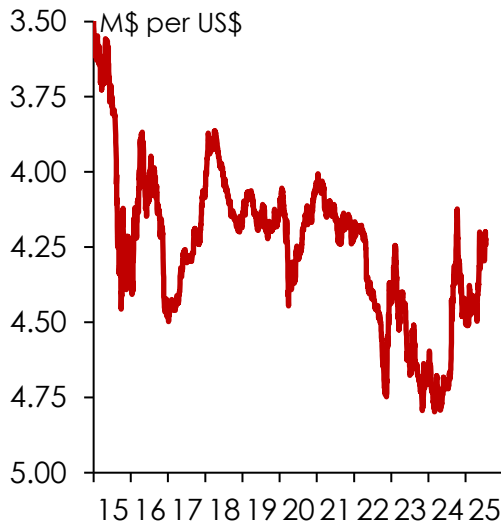
Singapore dollar



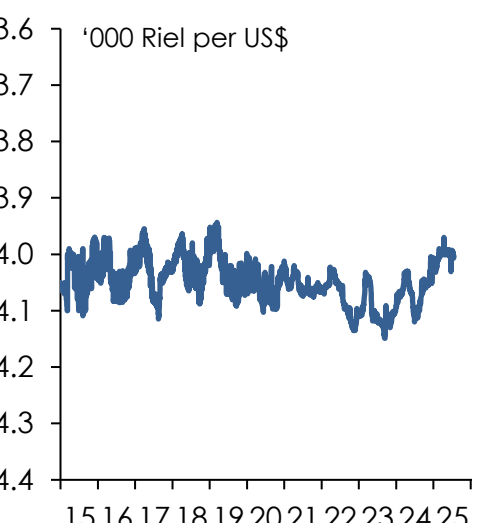
Philippine peso



Malaysian ringgit



Cambodian riel



Note: Scales are inverted. Source: LSEG Datastream. Data up to 8th July.

A summary of political developments in Asia

Korea

- The (left-leaning) Democratic Party's Lee Jae-Myung won the Presidential election held on 3rd June, winning 49.4% of the vote to (conservative) People Power Party nominee Kim Moon-soo.
- The election followed the impeachment of Yoon Suk-Yeol (PPP) after he attempted to impose martial law in late 2024
- The DPP holds a majority in the National Assembly

Taiwan

- Lai Ching-te of the nominally pro-independence Democratic Progressive Party won the January 2024 Presidential election with 40% of the vote – the opposition was split between the pro-China Kuomintang and the new Taiwan People's Party
- The DPP has held the Presidency for all but 4 of the past 25 years
- The DPP lost its majority in the Legislative Yuan and requires support of the TPP to enact legislation

Hong Kong

- Hong Kong is now firmly under the control of Beijing following the imposition of National Security laws in 2020 and 2024, and changes to the electoral system in 2021
- Only 20 of the seats in the LegCo are now elected by 'universal suffrage', and only 88 of the 470 seats on District Councils
- The current Chief Executive John Lee Ka-chiu's term expires in July 2027

Singapore

- The People's Action Party has ruled Singapore continuously since 1959
- The PAP under Prime Minister Lawrence Wong (who succeeded Lee Hsien Loong in May 2024) won 87 of the 99 seats in Singapore's Parliament at elections held on 3rd May this year, obtaining 65.6% of the vote, an increase of 4.3 pc pts from the previous election in 2020

Indonesia

- Prabowo Subianto easily won the Presidential election held on 14th February 2024 with 58.6% of the vote
- Prabowo had lost the two previous elections, in 2014 and 2019, to his predecessor Joko Widodo
- Eight different parties gained seats in the 580-member DPR: Prabowo's party came third with 86 but has enough support from other parties to enact legislation

Philippines

- Ferdinand Marcos Jr (son of former dictator of the same name) won 59% of the vote (the largest majority since 1981) in the Presidential election held in May 2022
- Sarah Duterte, daughter of the previous President Rodrigo Duterte, was elected Vice-President, but was impeached in February 2024
- Marcos's party has a comfortable majority in the legislature

Thailand

- Paetongtarn Shinawatra (daughter of former PM Thaksin Shinawatra and niece of another former PM Yingluck Shinawatra, both of whom were deposed in military coups) of the Pheu Thai Party has been PM since August 2024
- PM Paetongtarn's Government lost the support of its second largest coalition partner over her handling of border tensions with Cambodia
- In July the Constitutional Court accepted a petition from 30 senators to suspend her from office

Malaysia

- From independence in 1957 until 2018 Malaysian politics were dominated by the United Malays National Organization (UMNO) and its coalition partners.
- At the last election in November 2022 the Pakatan Harapan coalition led by former UMNO deputy leader Anwar Ibrahim formed government.
- The next election is due by February 2028.

Vietnam

- Vietnam is a one-party state under the rule of the Communist Party of Vietnam.
- As in other Communist states, the most powerful authority is the General Secretary of the CPV, Tô Lâm, who gained that position in August 2024 following the death of his long-serving predecessor Nguyễn Phú Trọng.
- The other three key figures are President Lương Cường, PM Phạm Minh Chính and National Assembly Chair Trần Thanh Mẫn

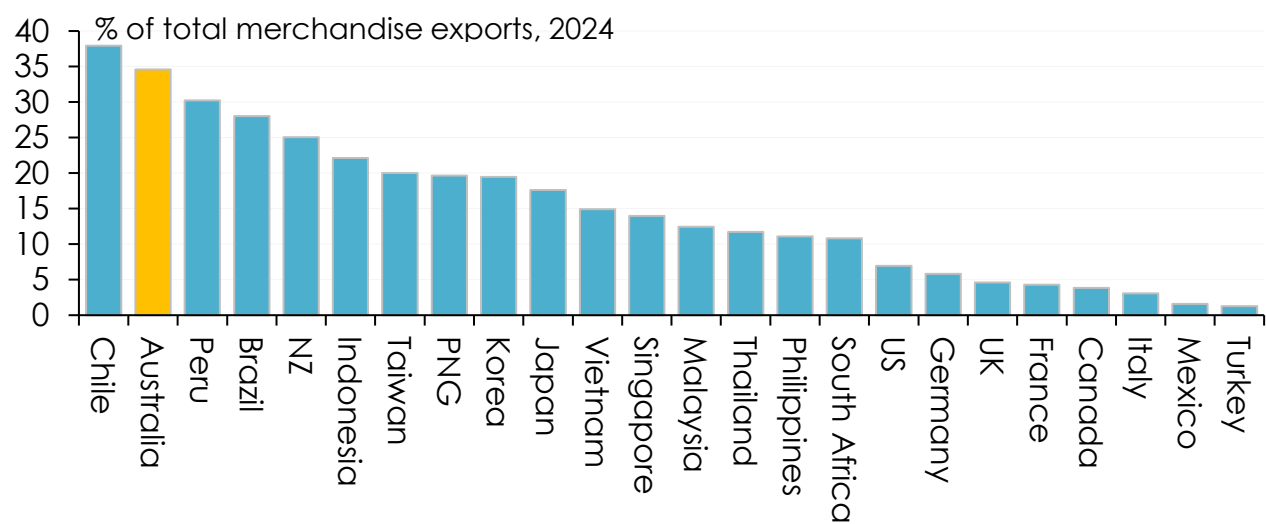
Cambodia

- Cambodia is in effect a one-party state under the rule of the Cambodian People's Party, headed from 1984 until 2023 by Hun Sen, and since then by his son Hun Manet
- Since 2018 the CPP has held all 125 seats in the National Assembly, with the two main opposition parties (the CNRP and KNLf) and more recently the Candlelight Party having been banned

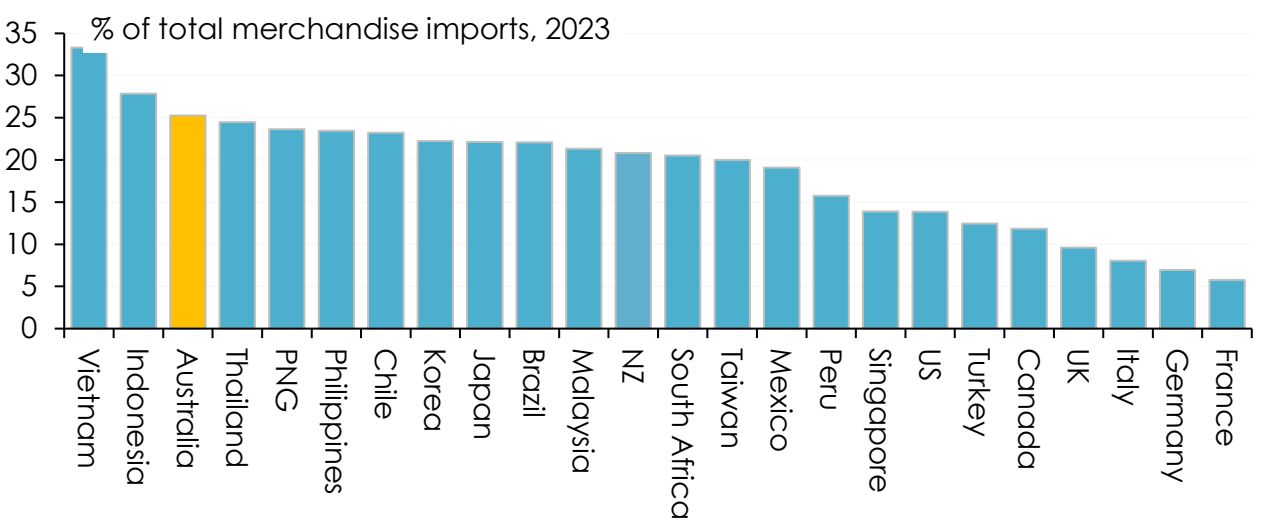
Australia

Australia is more exposed to a protracted slowdown in China's economy – or to trade sanctions against China – than any other 'advanced' economy

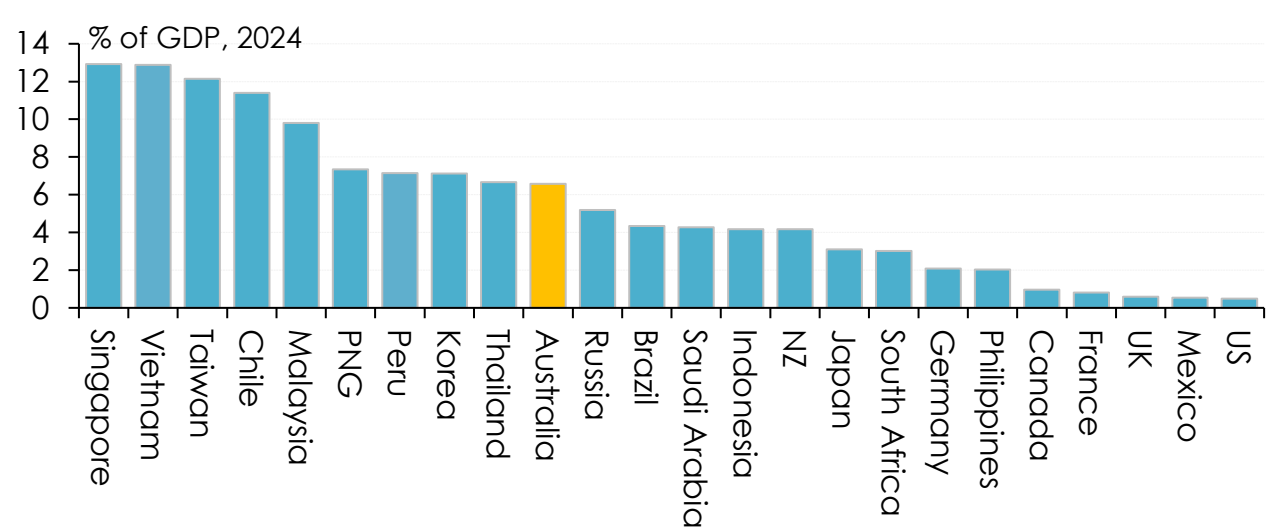
Exports to China as a pc of total exports



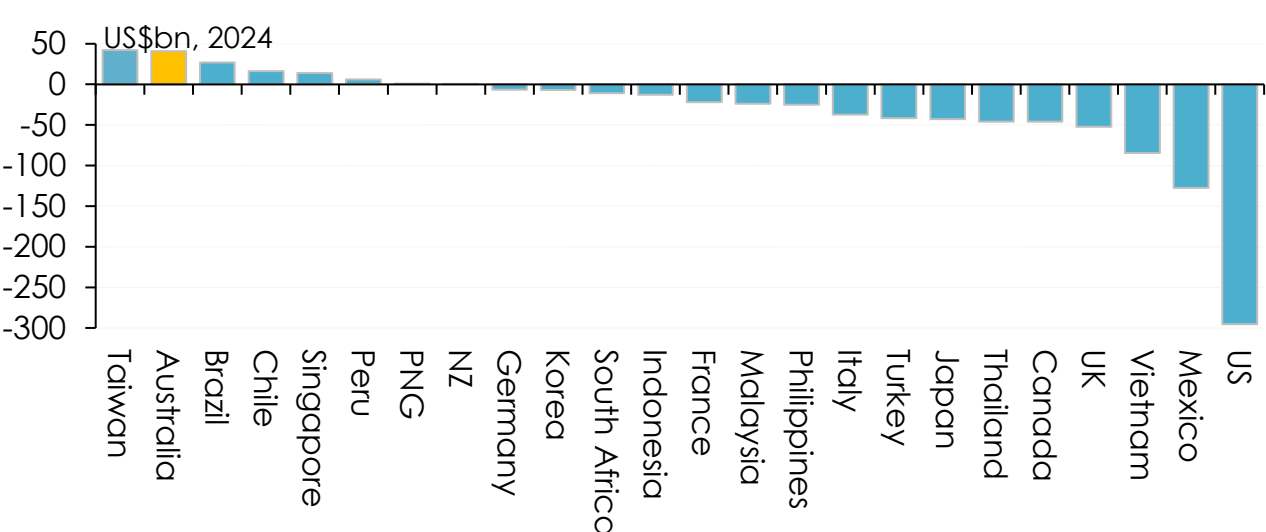
Imports from China as a pc of total imports



Exports to China as a pc of GDP

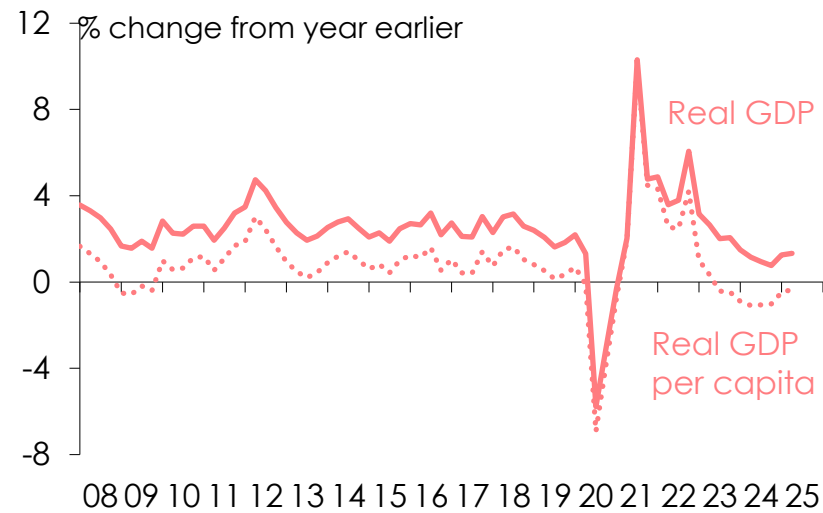


Bilateral merchandise trade balances with China

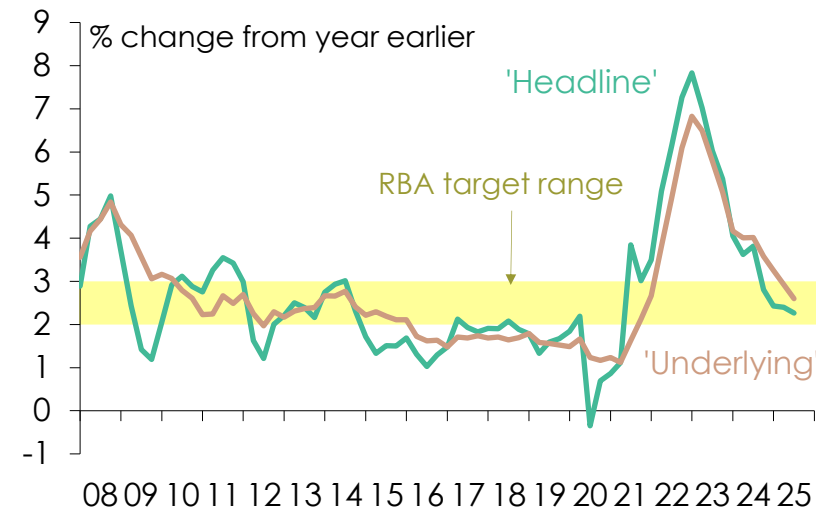


Inflation has returned to the RBA's target range at little cost in terms of unemployment, supported by population growth and public spending

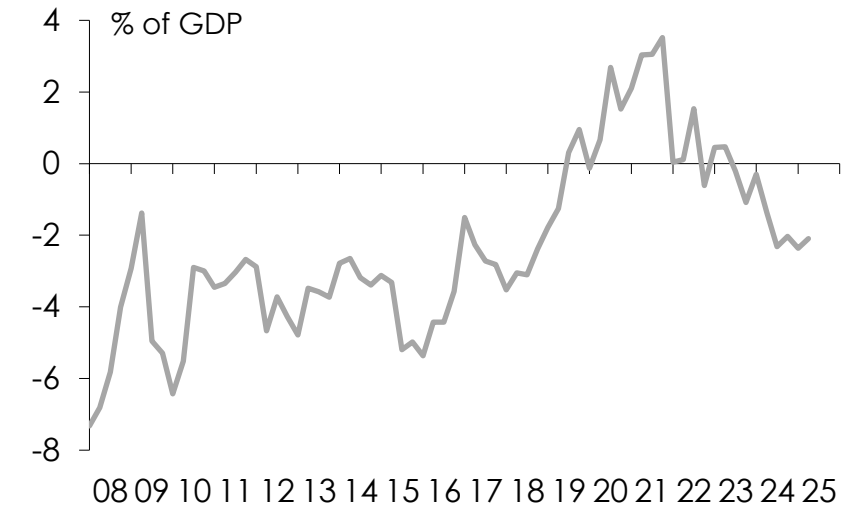
Real GDP growth



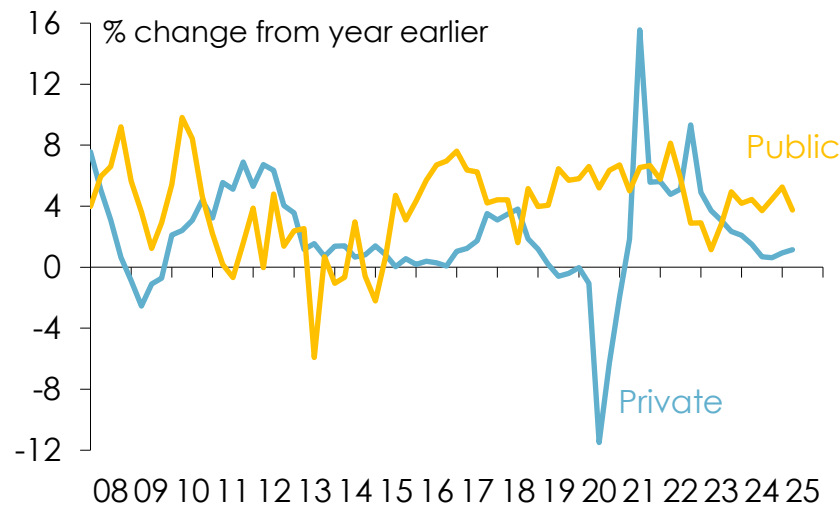
Inflation



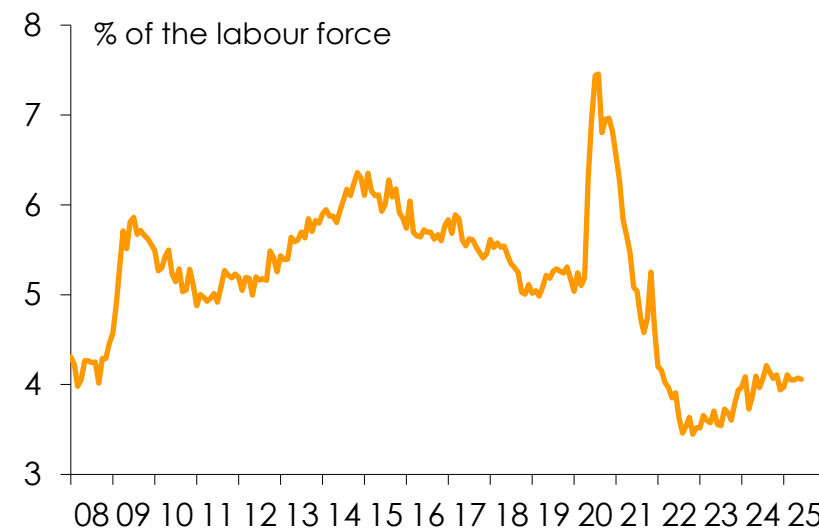
Current account balance



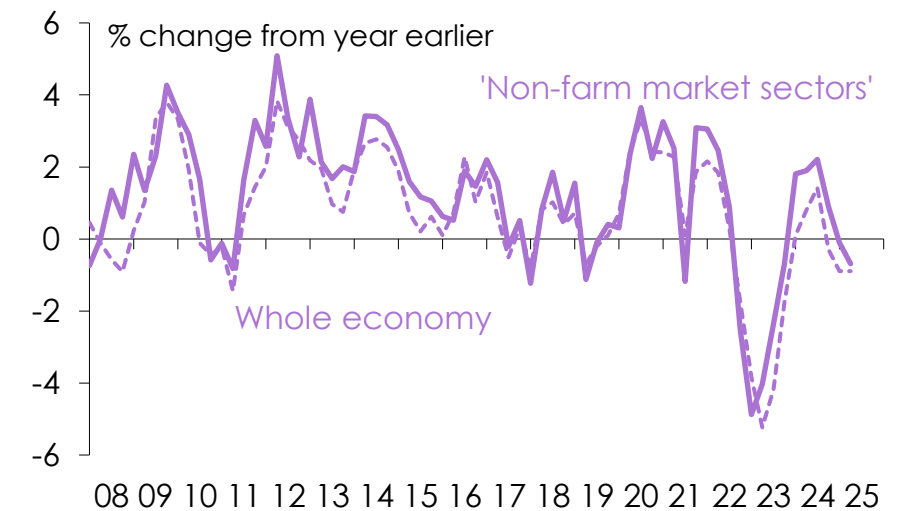
Private vs public final demand



Unemployment



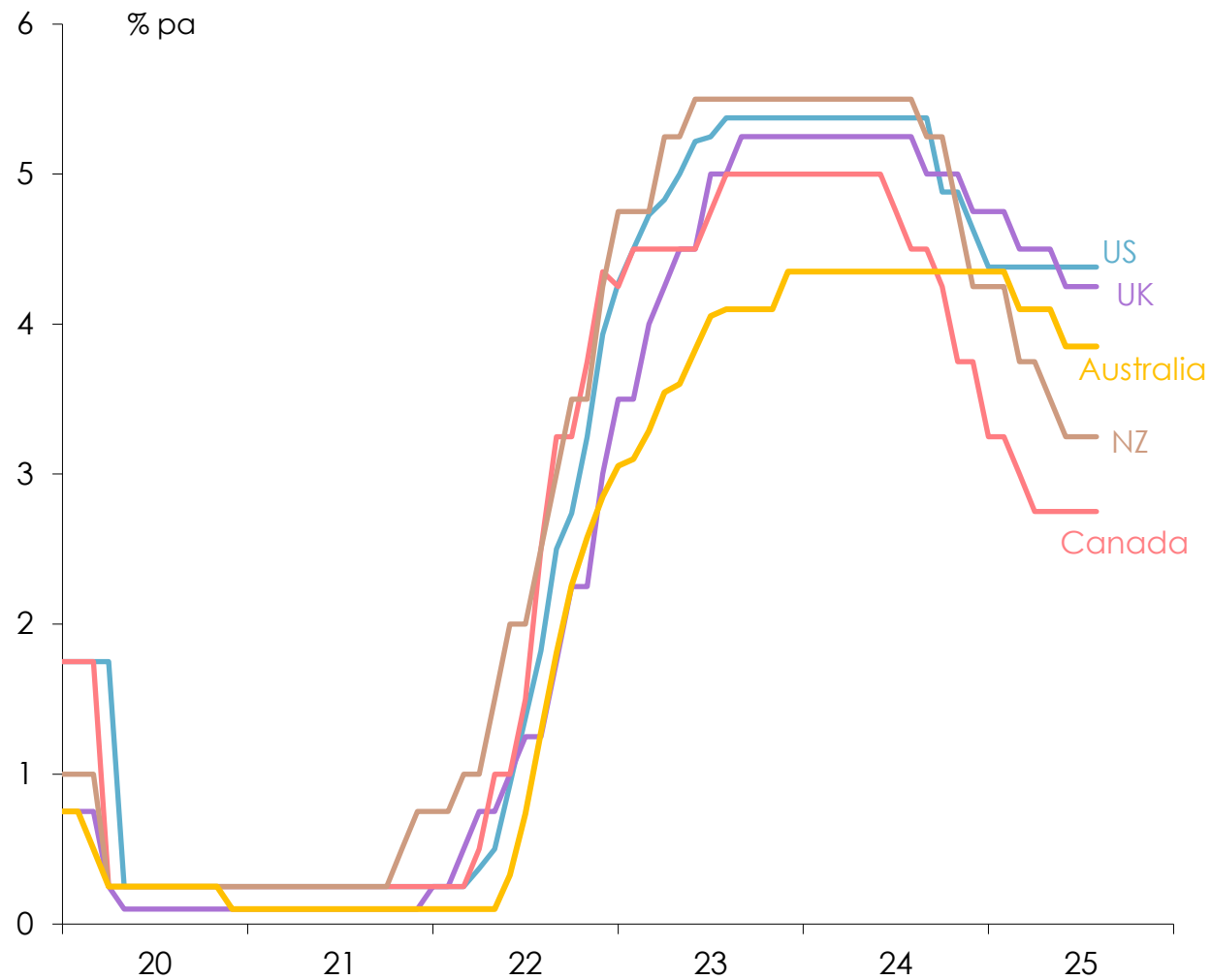
Labour productivity



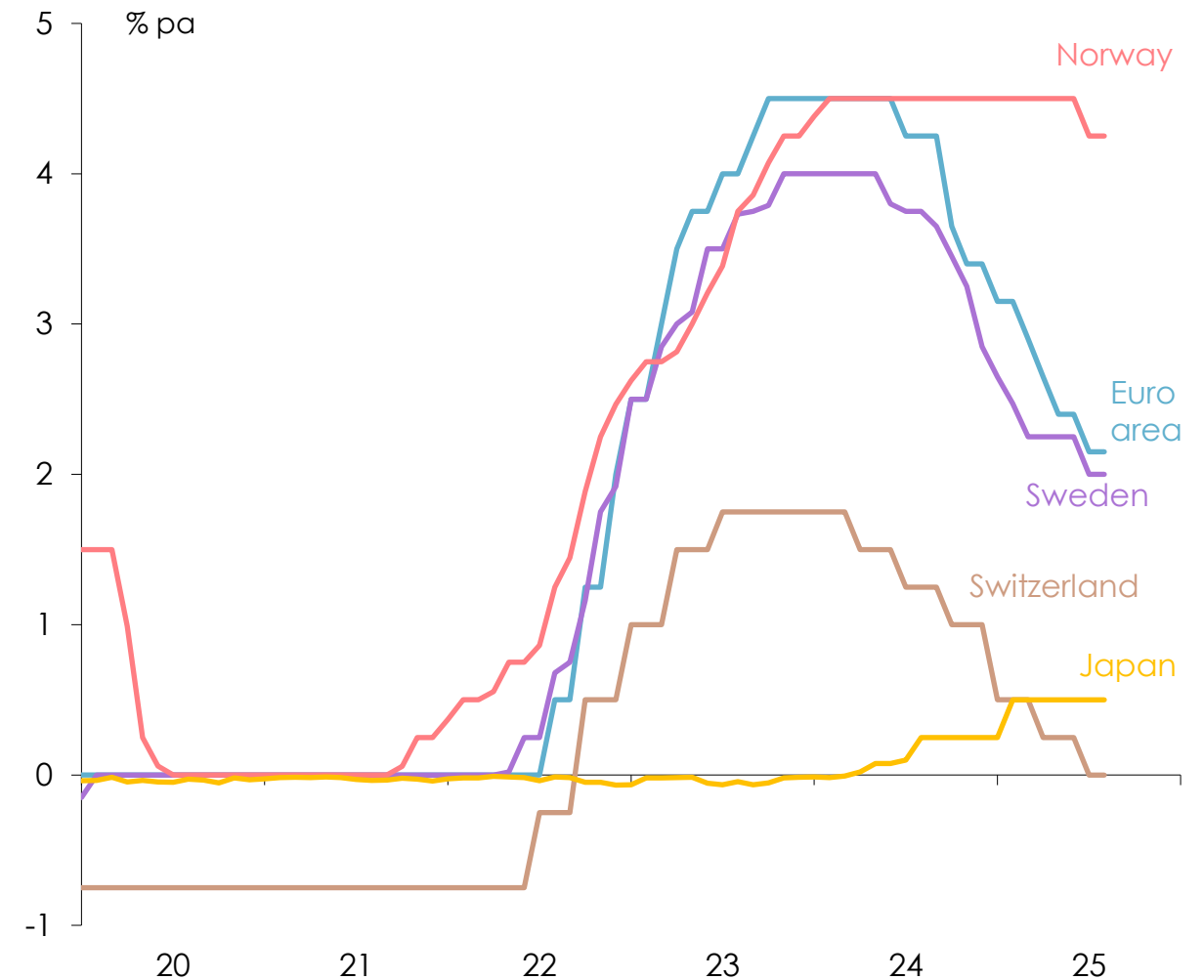
Sources: ABS, [Australian National Accounts: National Income, Expenditure and Product](#), March quarter 2025; [Consumer Price Index](#), March quarter 2025 and [Monthly Consumer Price Index Indicator](#), May 2025; [Labour Force](#), May 2025; and [Balance of Payments and International Investment Position](#), March quarter 2025.

The Reserve Bank of Australia was later to start lifting rates, and lifted them by less, than its peers – so it has been slower to start cutting them

Monetary policy interest rates – Australia and comparable countries



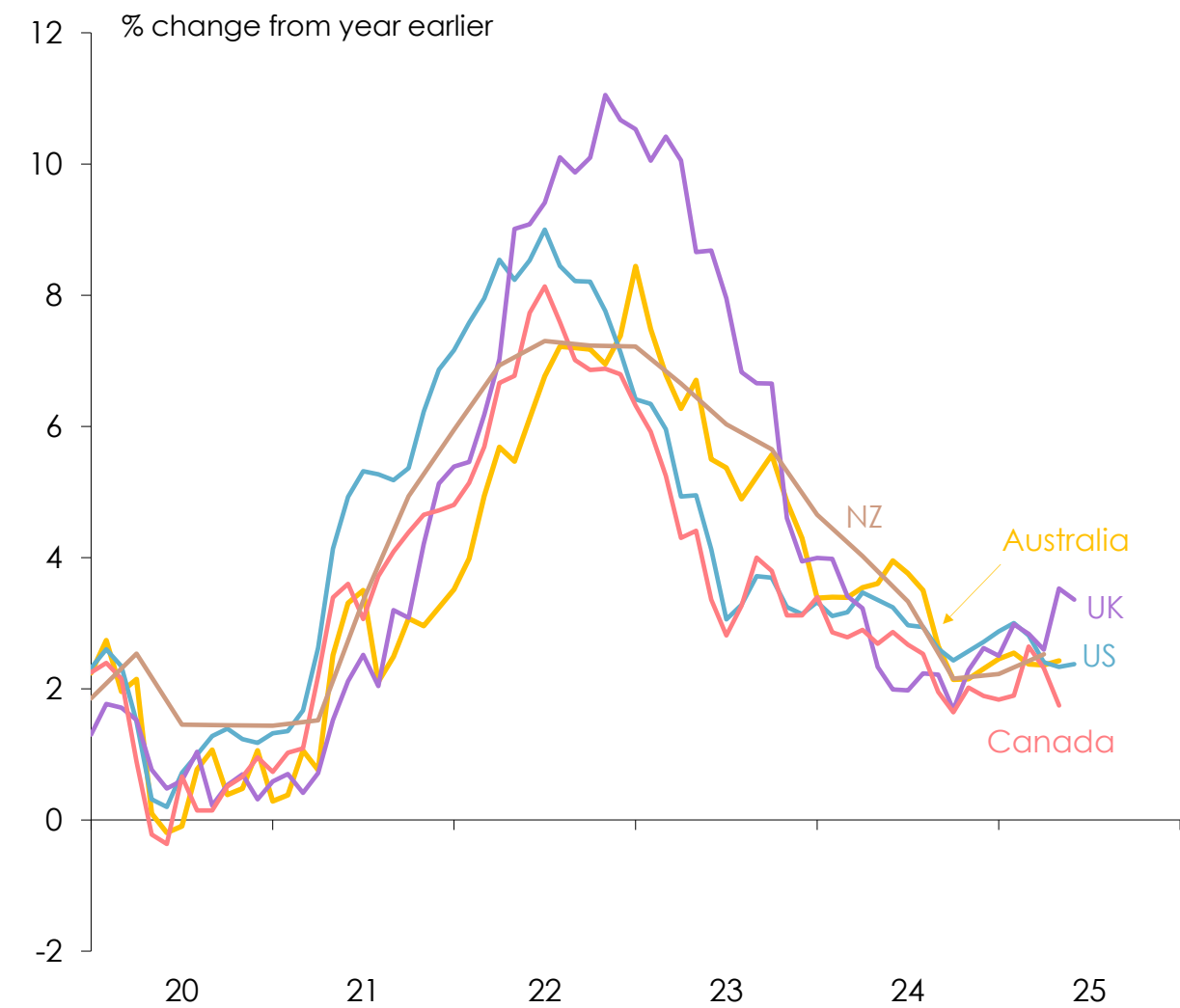
Monetary policy interest rates – Europe and Japan



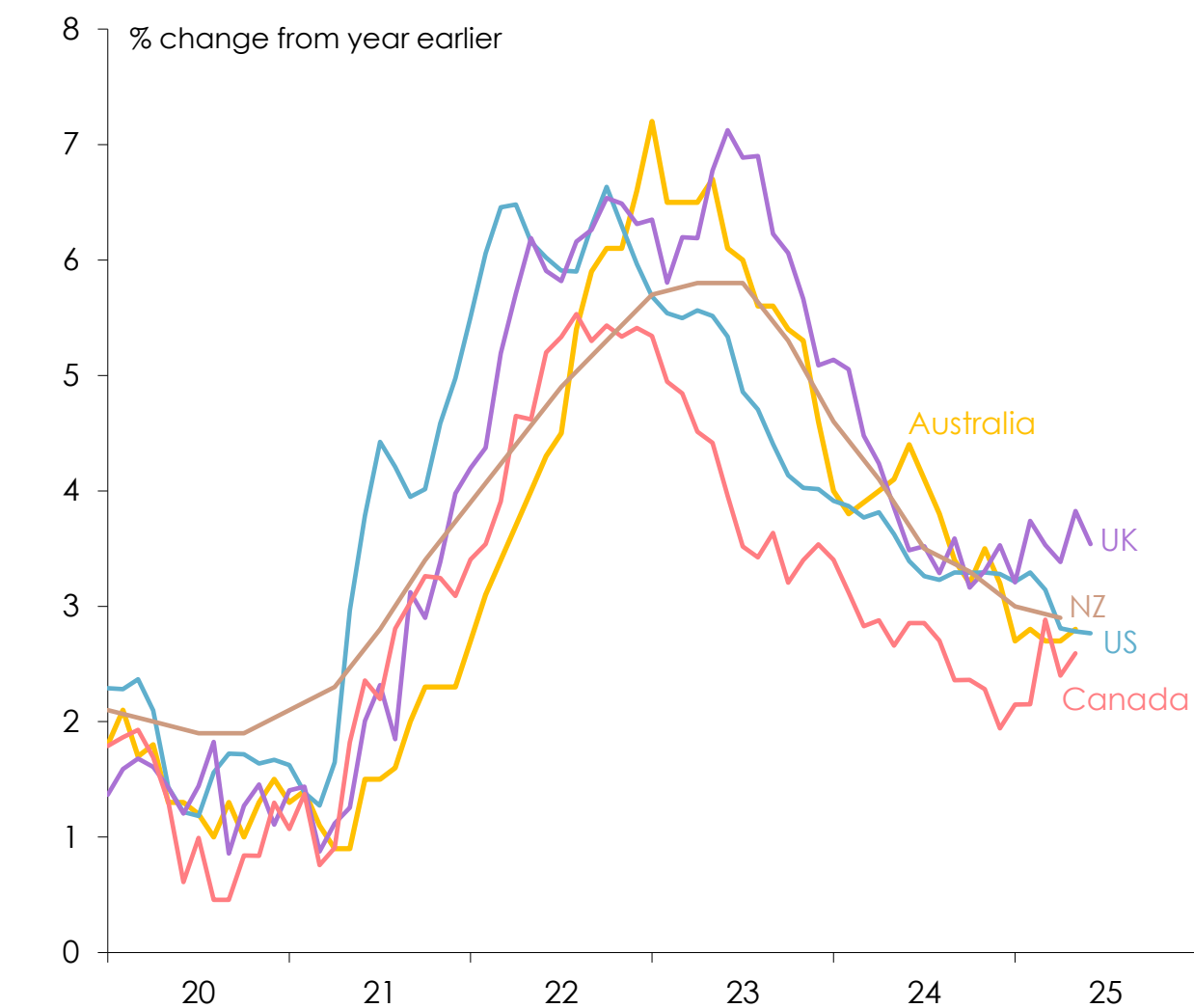
Sources: [US Federal Reserve](#); [Bank of Canada](#); [European Central Bank](#); [Bank of England](#); [Reserve Bank of Australia](#); [Reserve Bank of New Zealand](#); [European Central Bank](#); [Sveriges Riksbank](#); [Norges Bank](#); [Schweizerische Nationalbank](#); [Bank of Japan](#).

'Underlying' inflation has now fallen more or less as much as it has done in most other comparable countries

'Headline' inflation



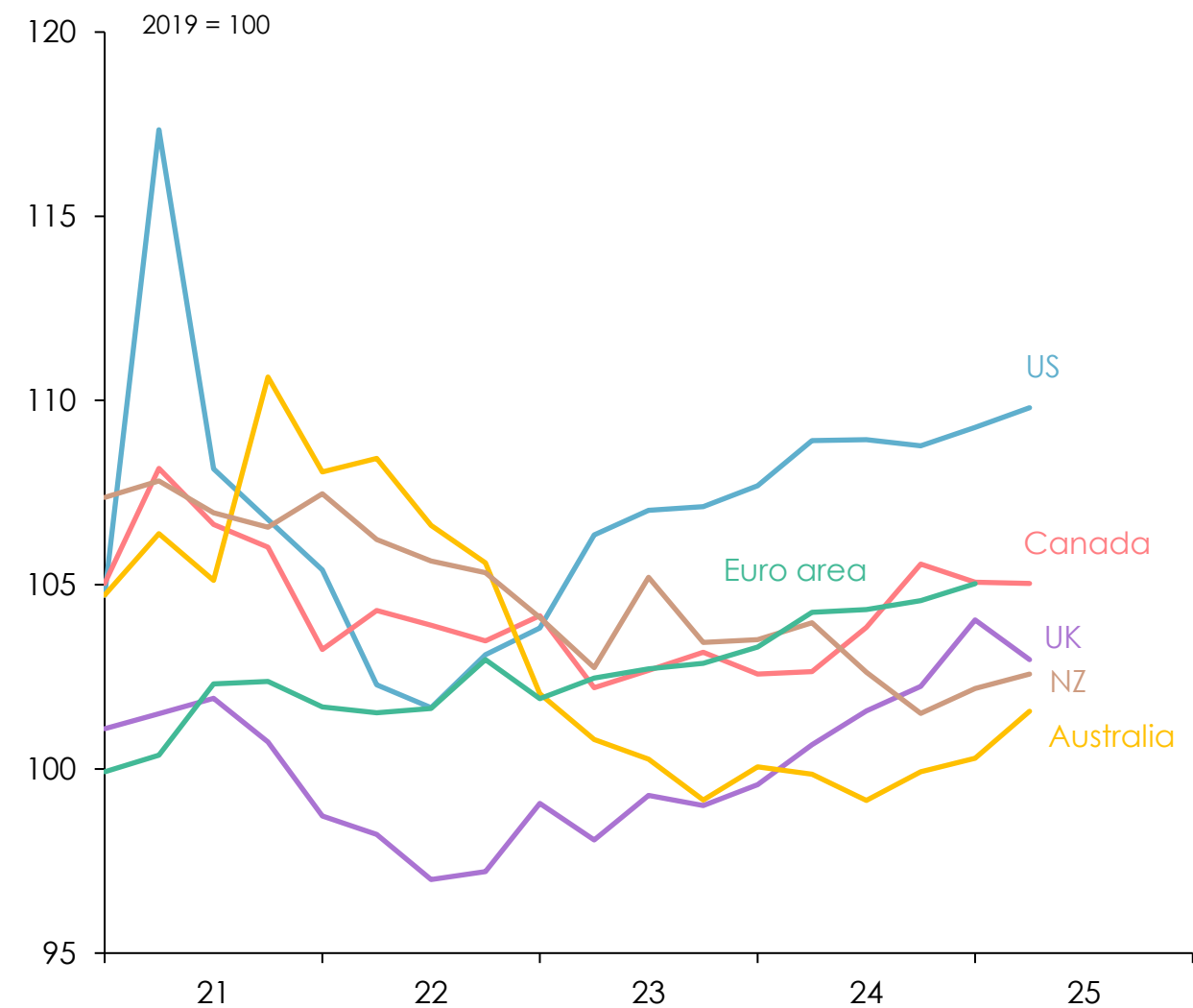
'Core' or 'underlying' inflation



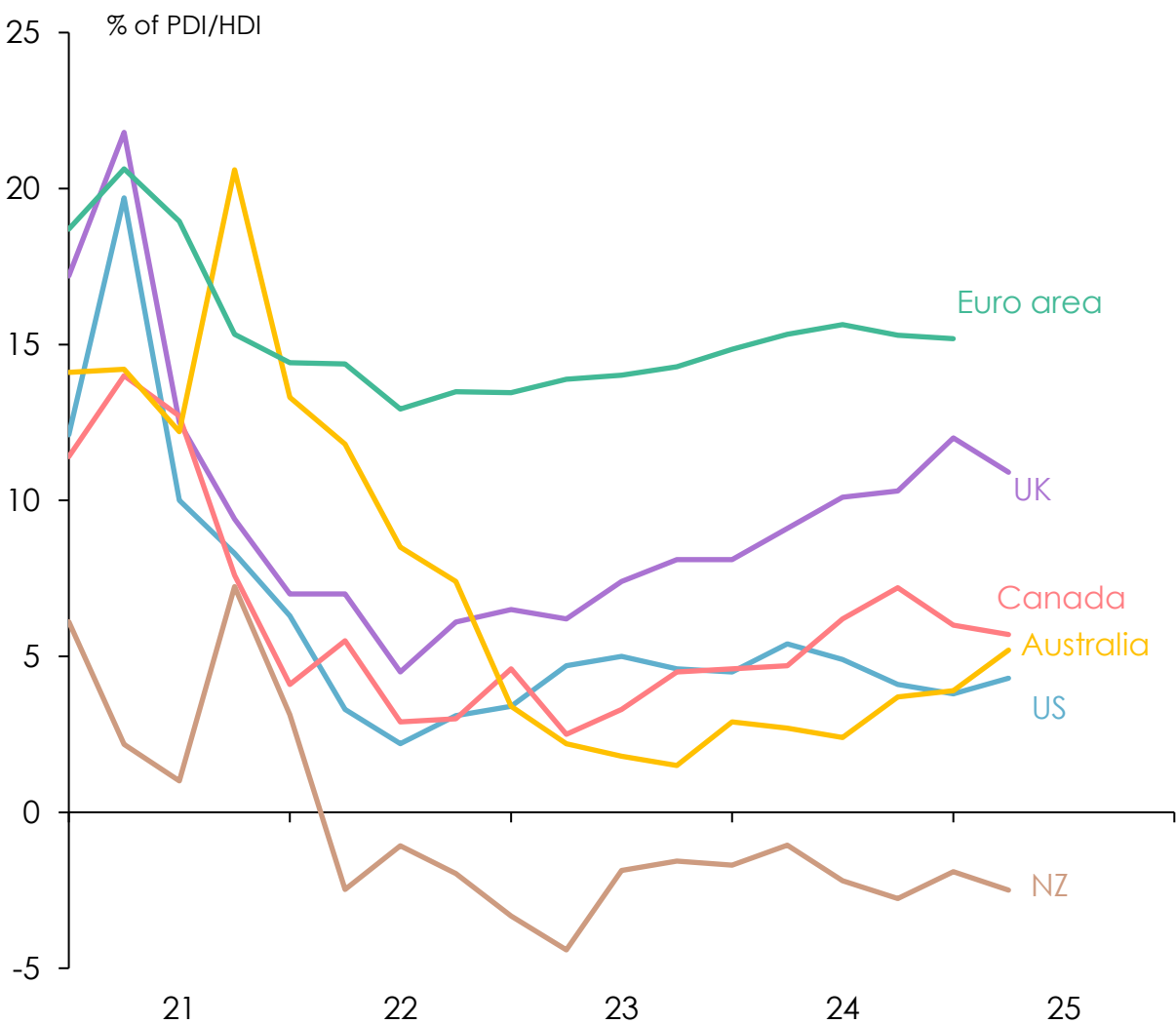
Note: 'Core' inflation in the US, UK and Canada is the annual change in the CPI excluding food & energy; 'underlying' inflation in Australia is the 'trimmed mean' and in NZ is derived from a statistical model. Sources: US [Bureau of Labor Statistics](#); [Statistics Canada](#); UK [Office for National Statistics](#); [ABS](#); [StatsNZ](#); [RBNZ](#).

Household finances have been squeezed more tightly in Australia than in other comparable countries (although that's now easing)

Real per capita household disposable income

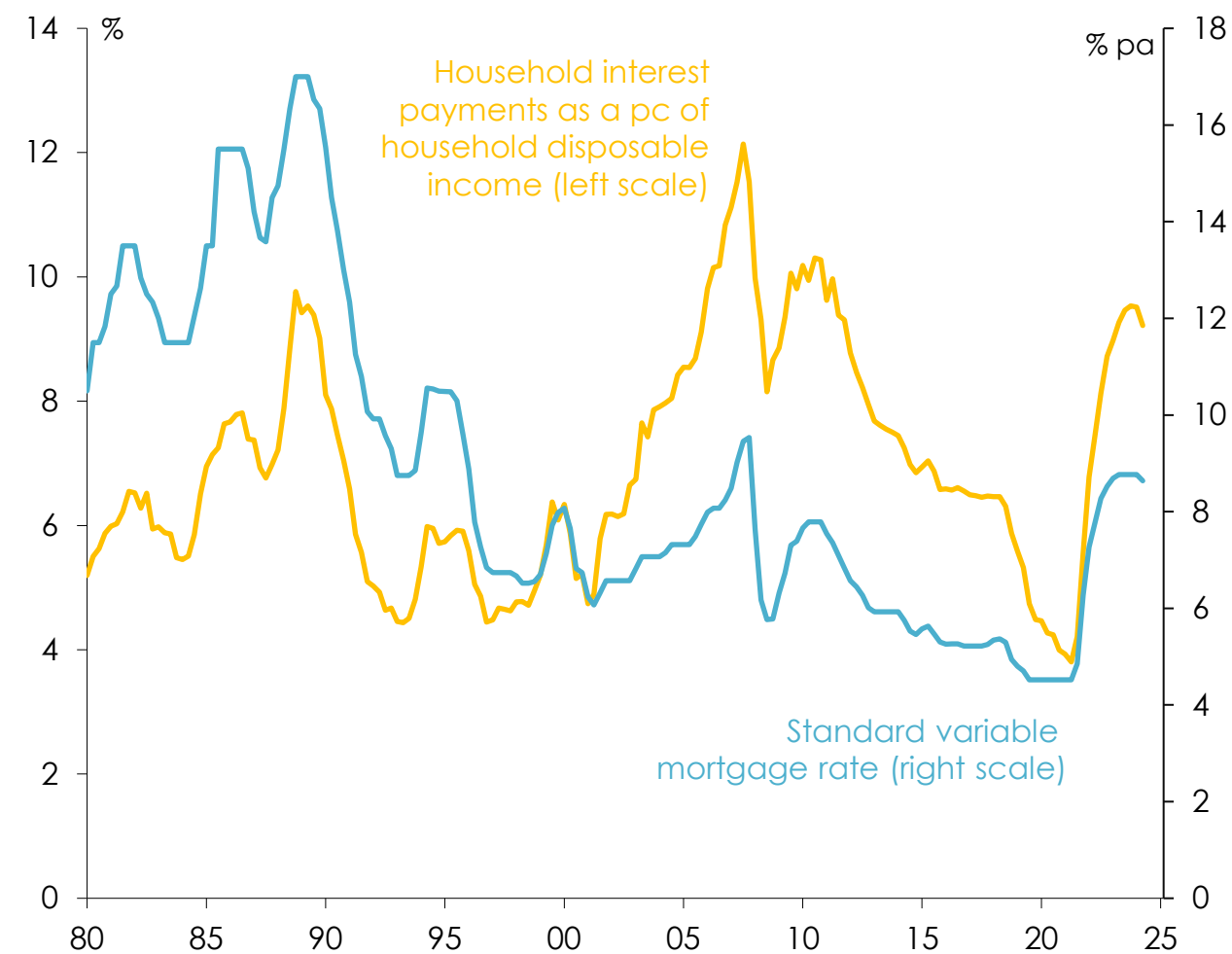


Household saving rates

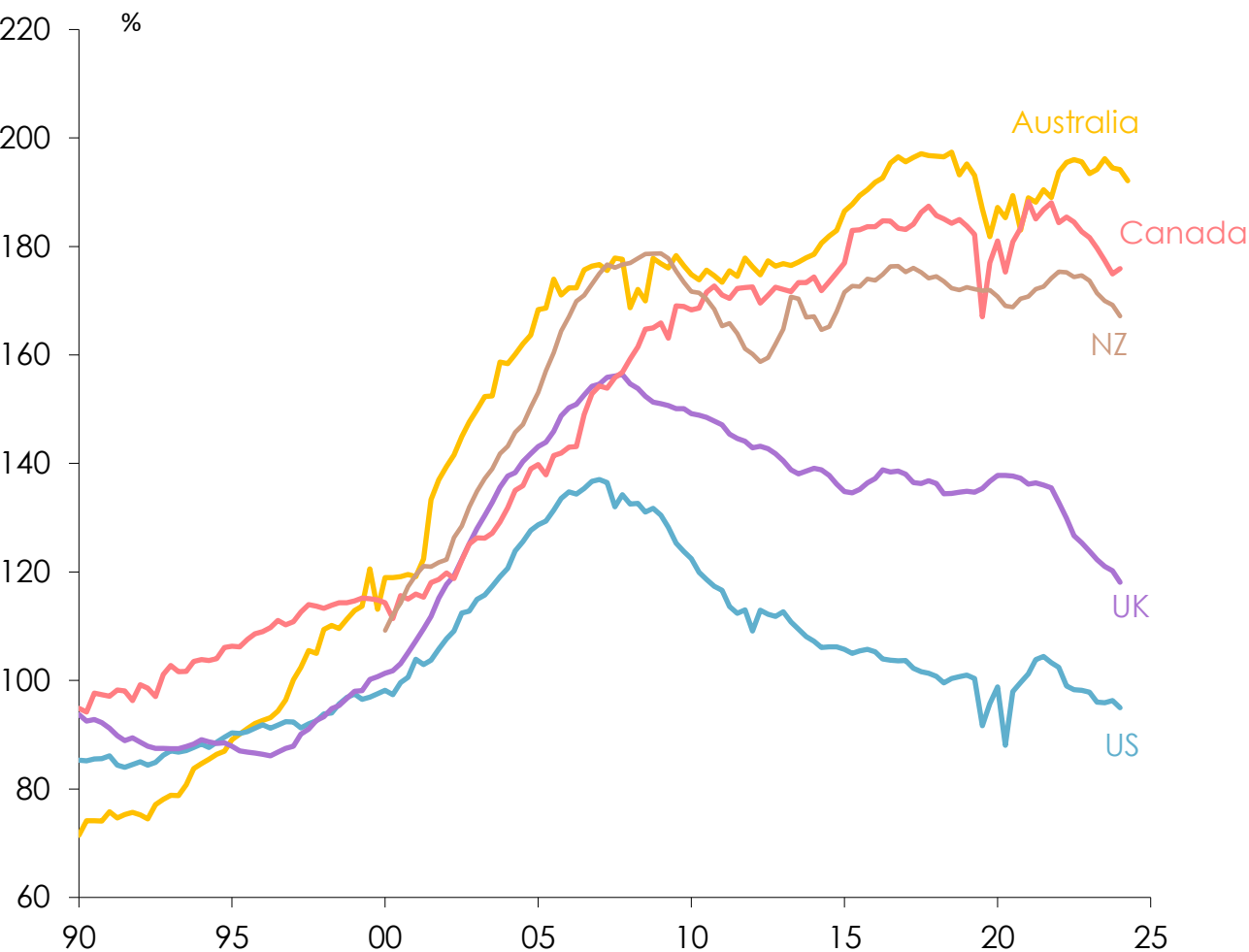


Australian households are very sensitive to movements in interest rates, because they have a lot of debt, and most mortgages are at floating rates

Mortgage interest rates and interest payments as a percentage of household disposable income



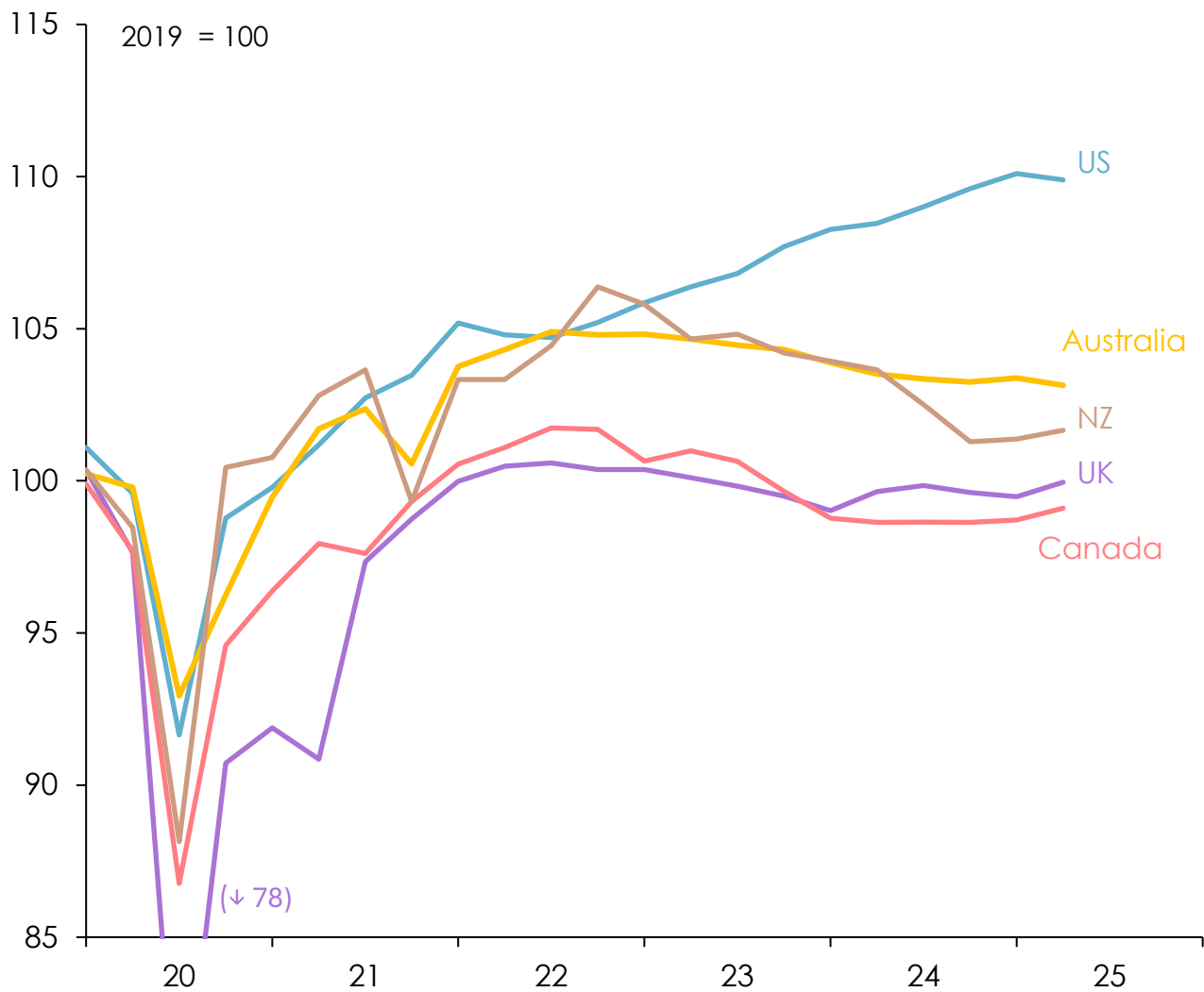
Household debt-to-income ratios, Australia and other comparable countries



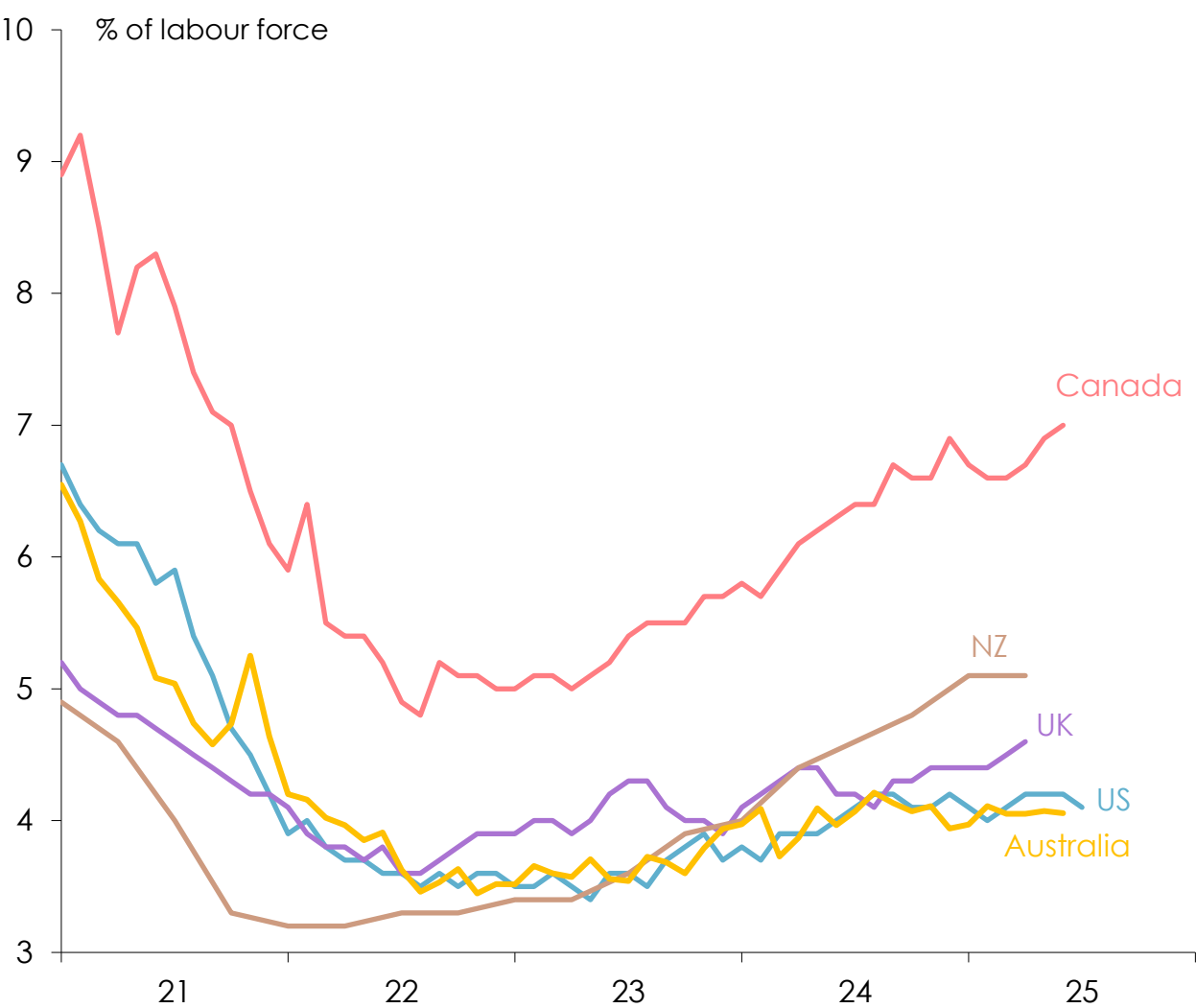
Sources: Reserve Bank of Australia, [Household Finances - Selected Ratios](#) and [Housing Lending Rates](#); US Federal Reserve, [Financial Accounts of the United States - Z.1](#); UK Office for National Statistics, [Quarterly sector accounts](#); Statistics Canada, [Debt service indicators of households](#); Statistics NZ, [National accounts \(income, saving, assets, and liabilities\)](#).

But economic activity hasn't contracted as much in Australia as in NZ or Canada, and unemployment has risen by less than in the US or UK

Real per capita gross domestic product

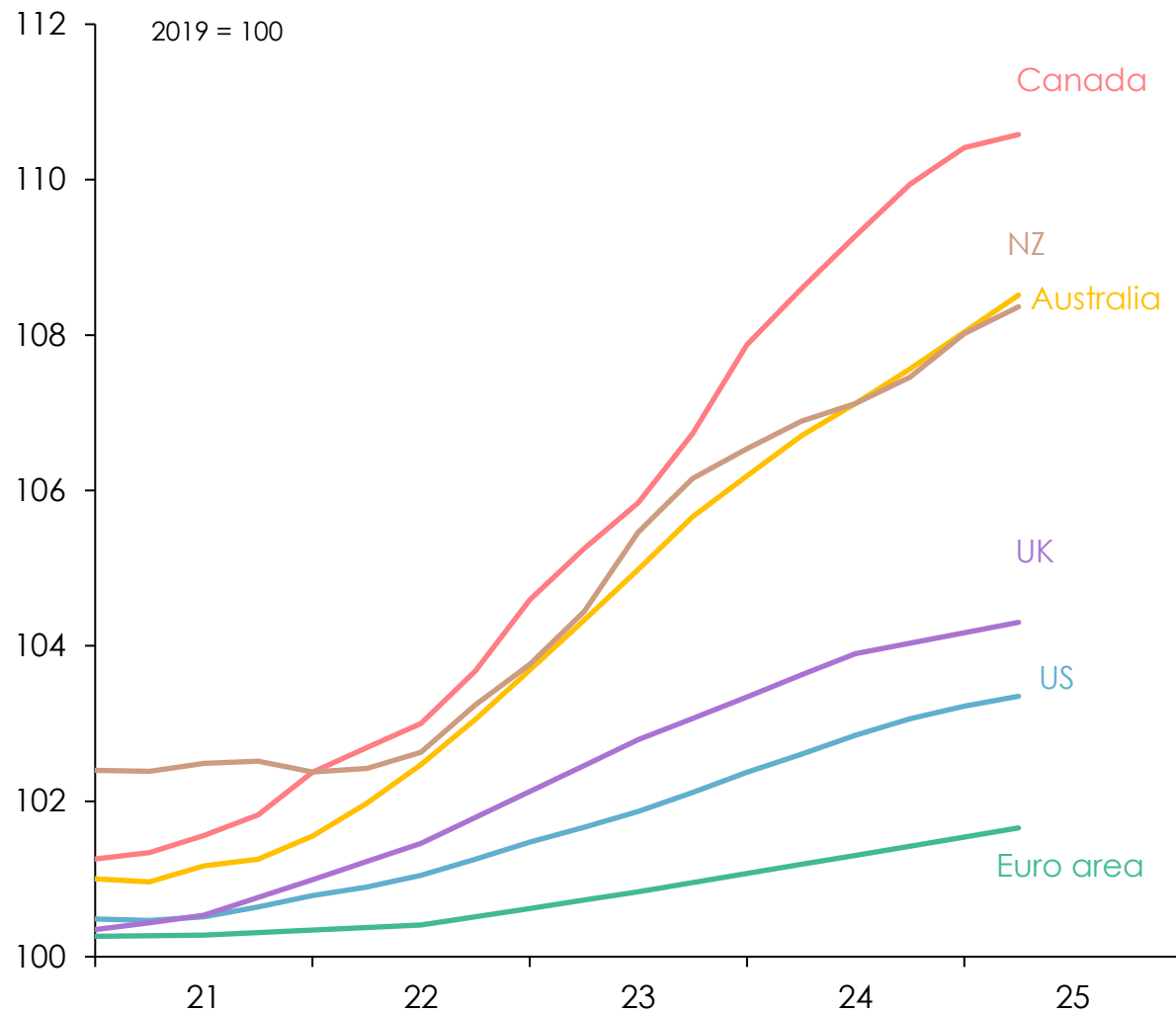


Unemployment rates

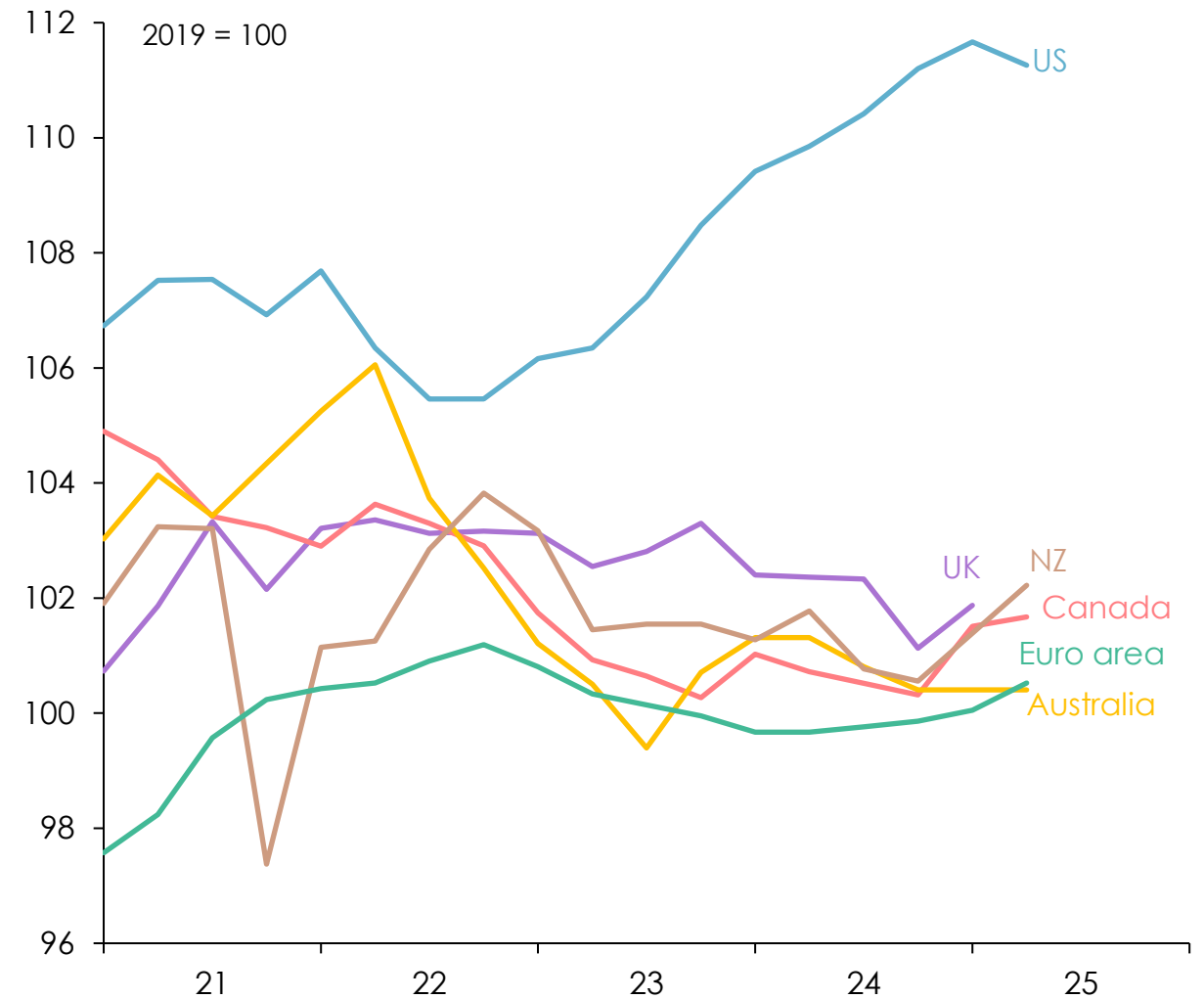


Australia has experienced a surge in population (though not as big as NZ or Canada) – but a slump in productivity (in contrast to the US)

Population



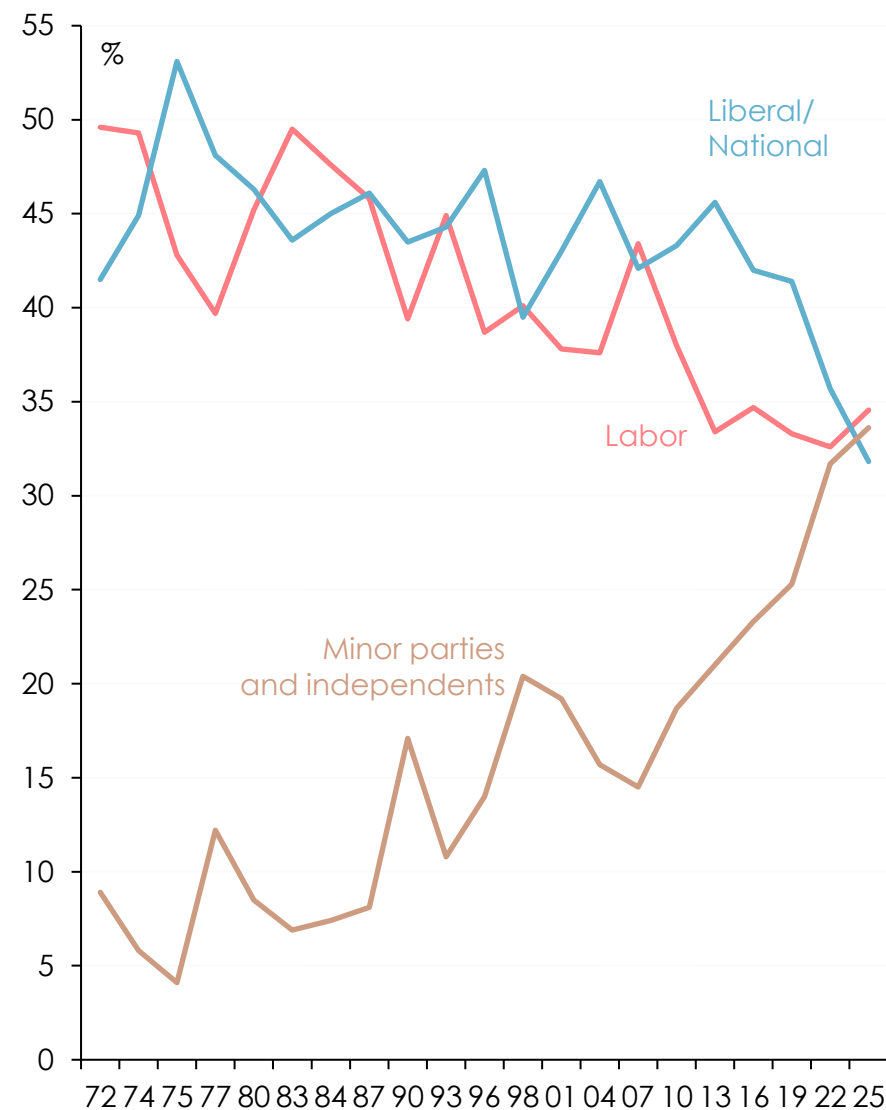
Labour productivity



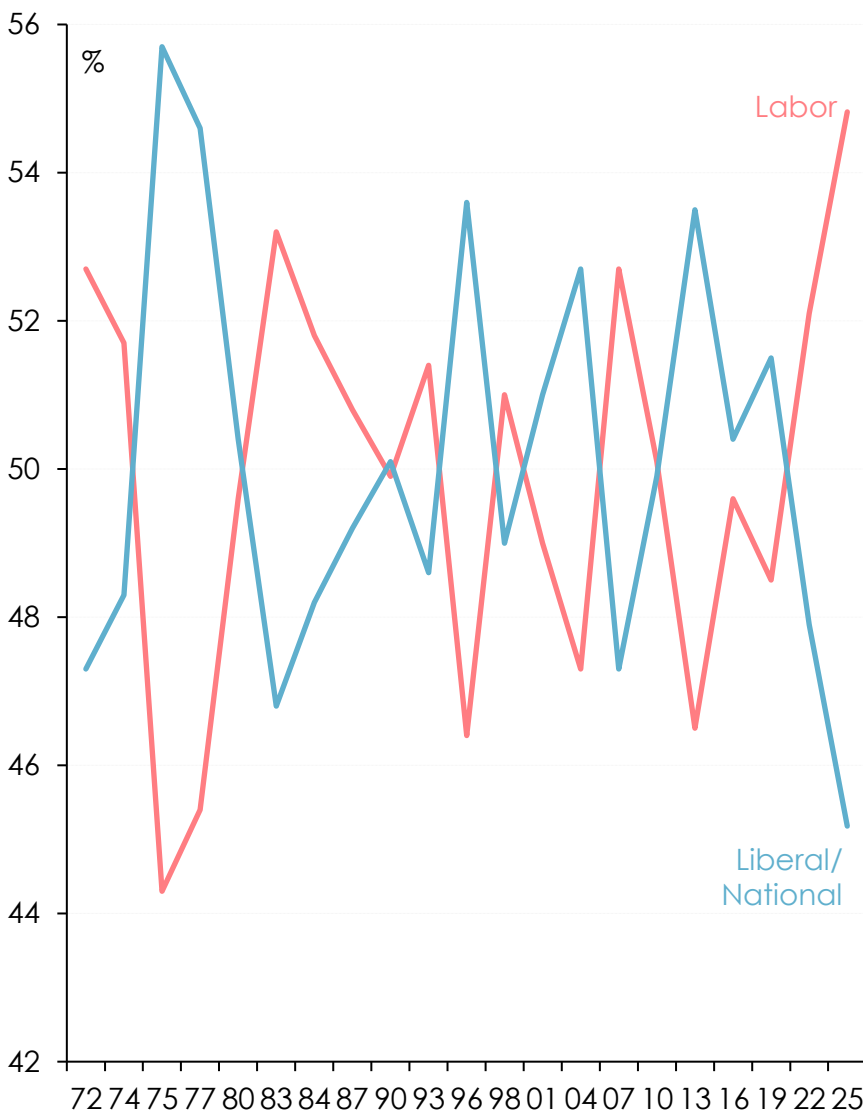
Note: Productivity data for the US are for the 'non-farm business sector'; others are 'whole-economy' figures. Sources: US [Bureau of Economic Analysis](#); UK [Office for National Statistics](#); [Statistics Canada](#); [Australian Bureau of Statistics](#); [Statistics NZ](#); US [Bureau of Labor Statistics](#).

Australians re-elected Prime Minister Albanese's Labor Government with a near record-majority despite a growing shift away from both major parties

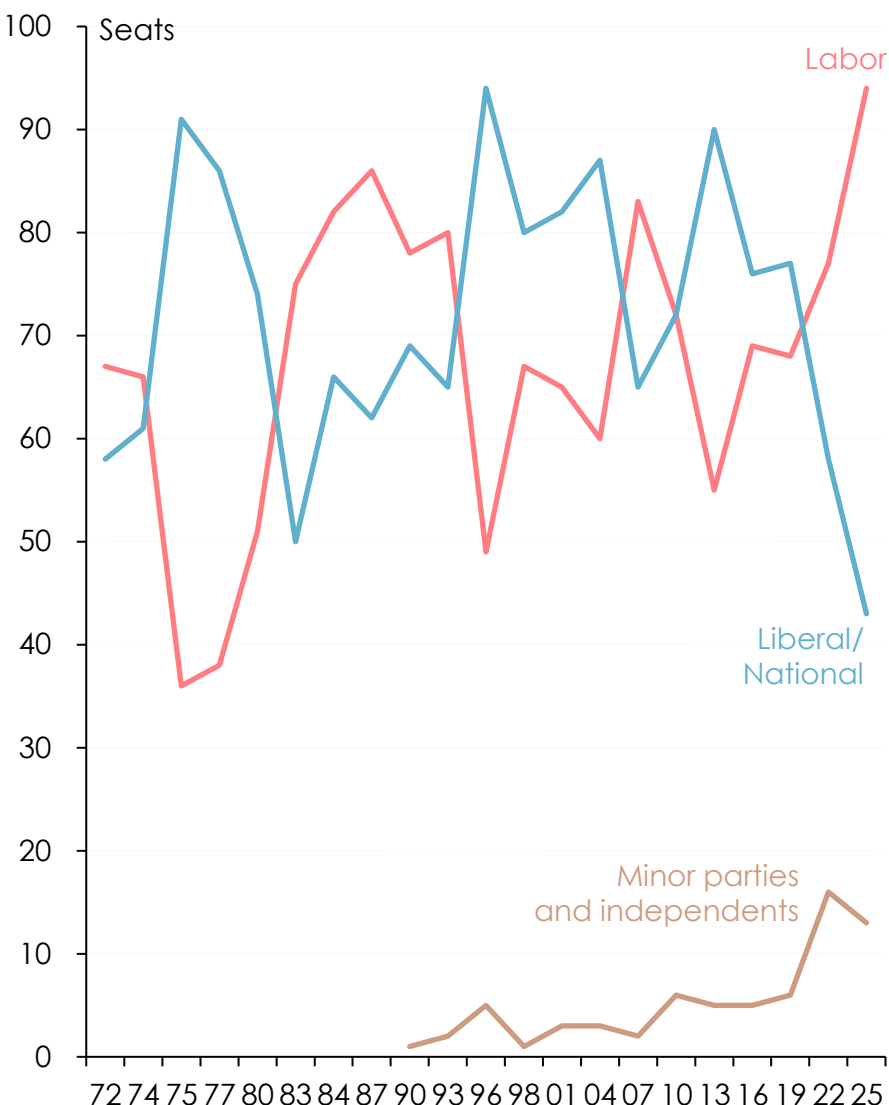
Primary vote shares



2-party-preferred vote shares

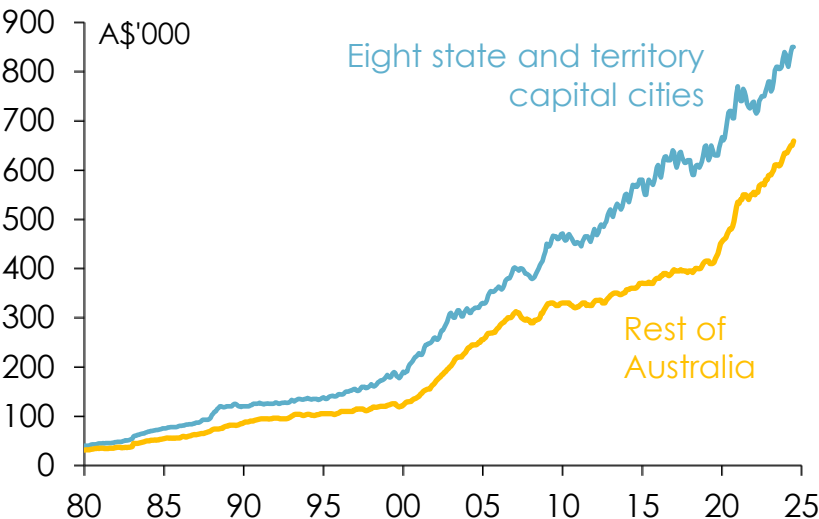


House of Representatives seats

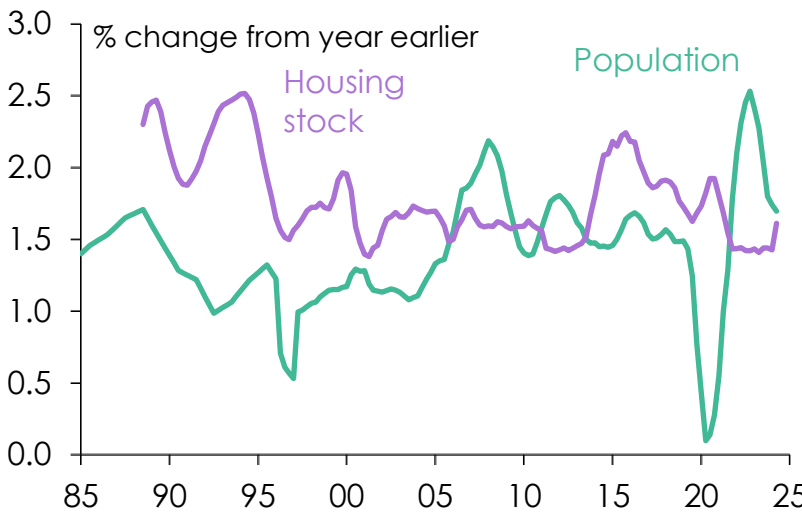


Declining housing affordability and home ownership rates have become a major political and social issue in Australia

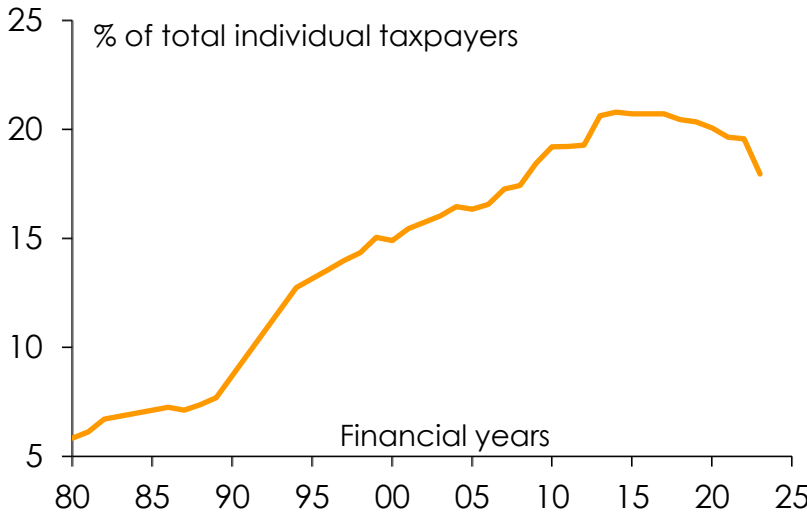
Residential property prices



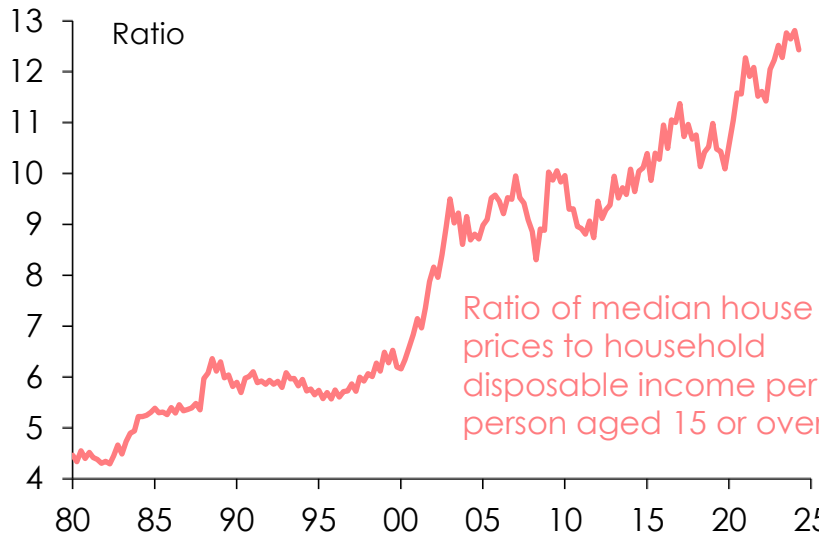
Housing supply and demand



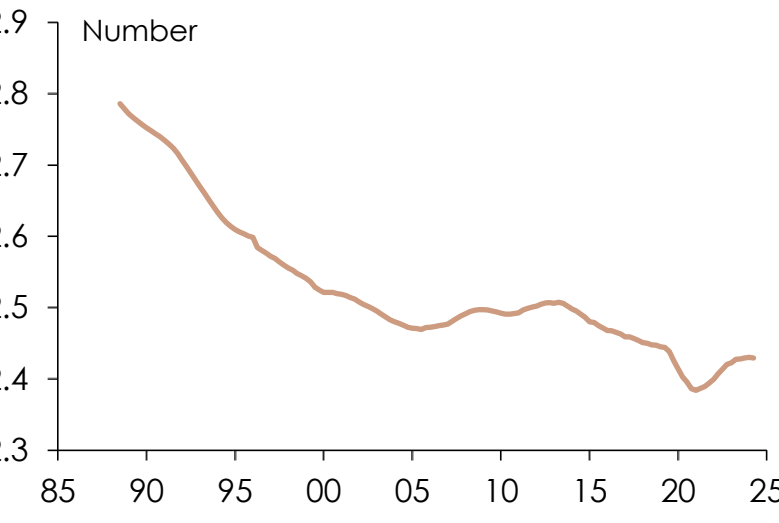
Landlords as pc of taxpayers



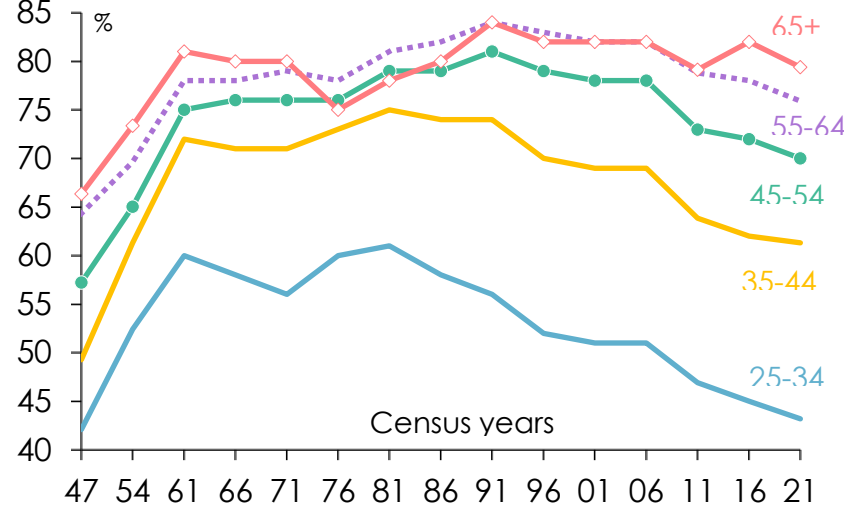
House price-to-income ratio



People per dwelling



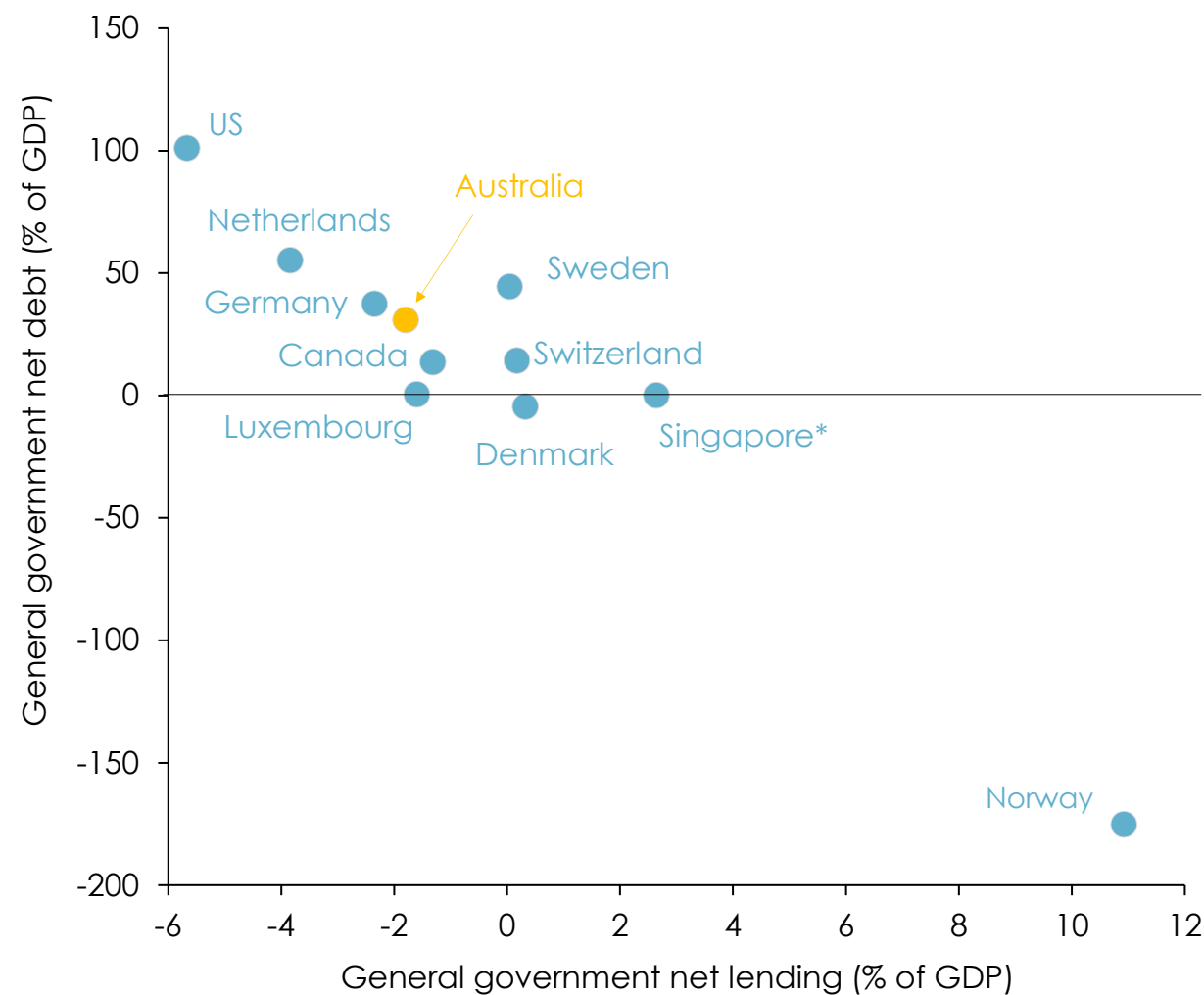
Home ownership rates by age



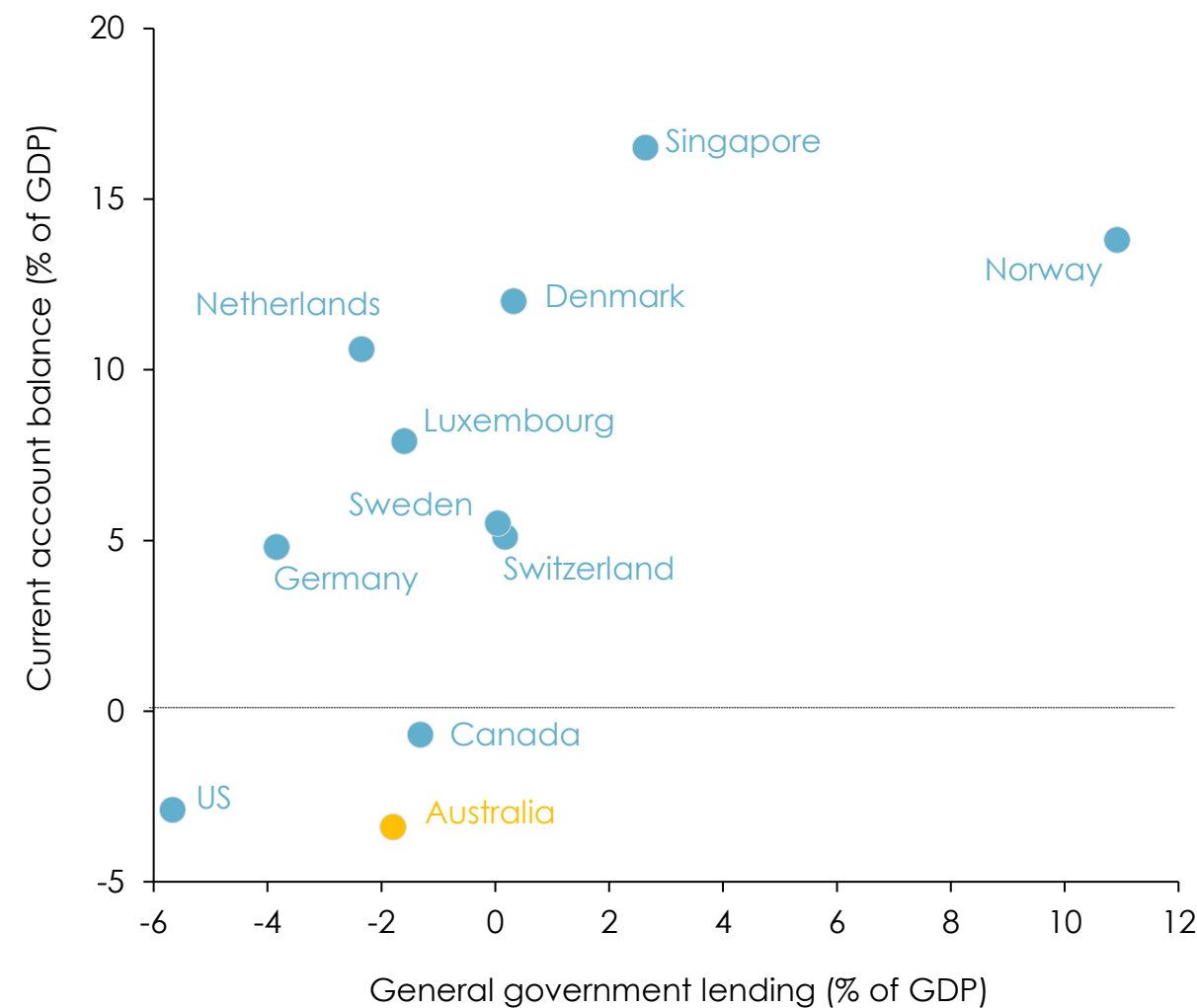
Sources: Cotality, [CoreLogic indices](#), June 2025; ABS, [Australian National Accounts: National Income, Expenditure and Product](#), March quarter 2025, and [Total Value of Dwellings](#), March quarter 2025; Australian Taxation Office, [Taxation Statistics](#), 2022-23; ABS, [Housing: Census](#), 2021 and [Historical Census data](#); Corinna.

Australia may be at risk of losing its AAA credit rating ...

AAA-rated countries – budget balance and net debt (averages for 2025-2030)



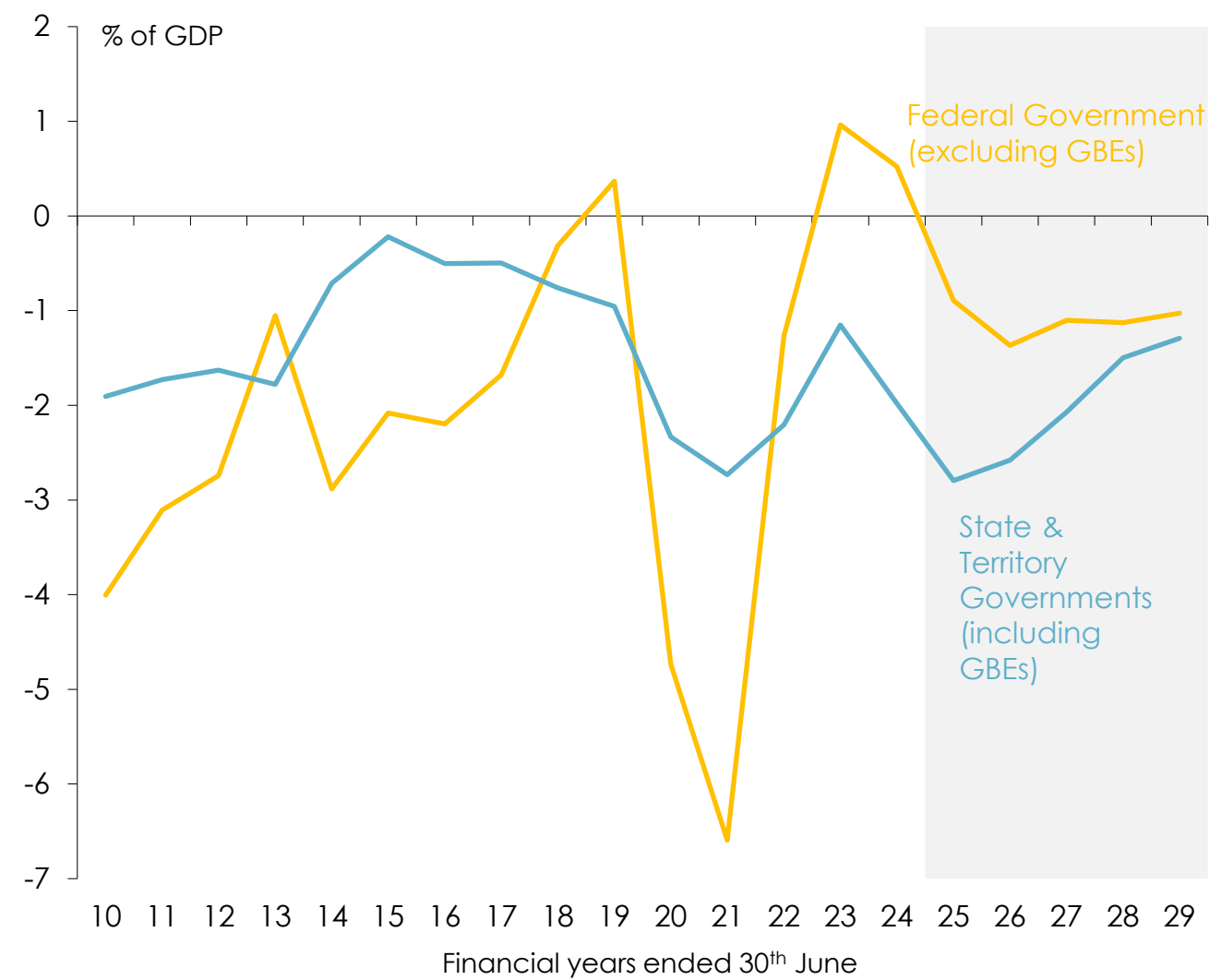
AAA-rated countries – budget balance and current account balance (averages for 2025-30)



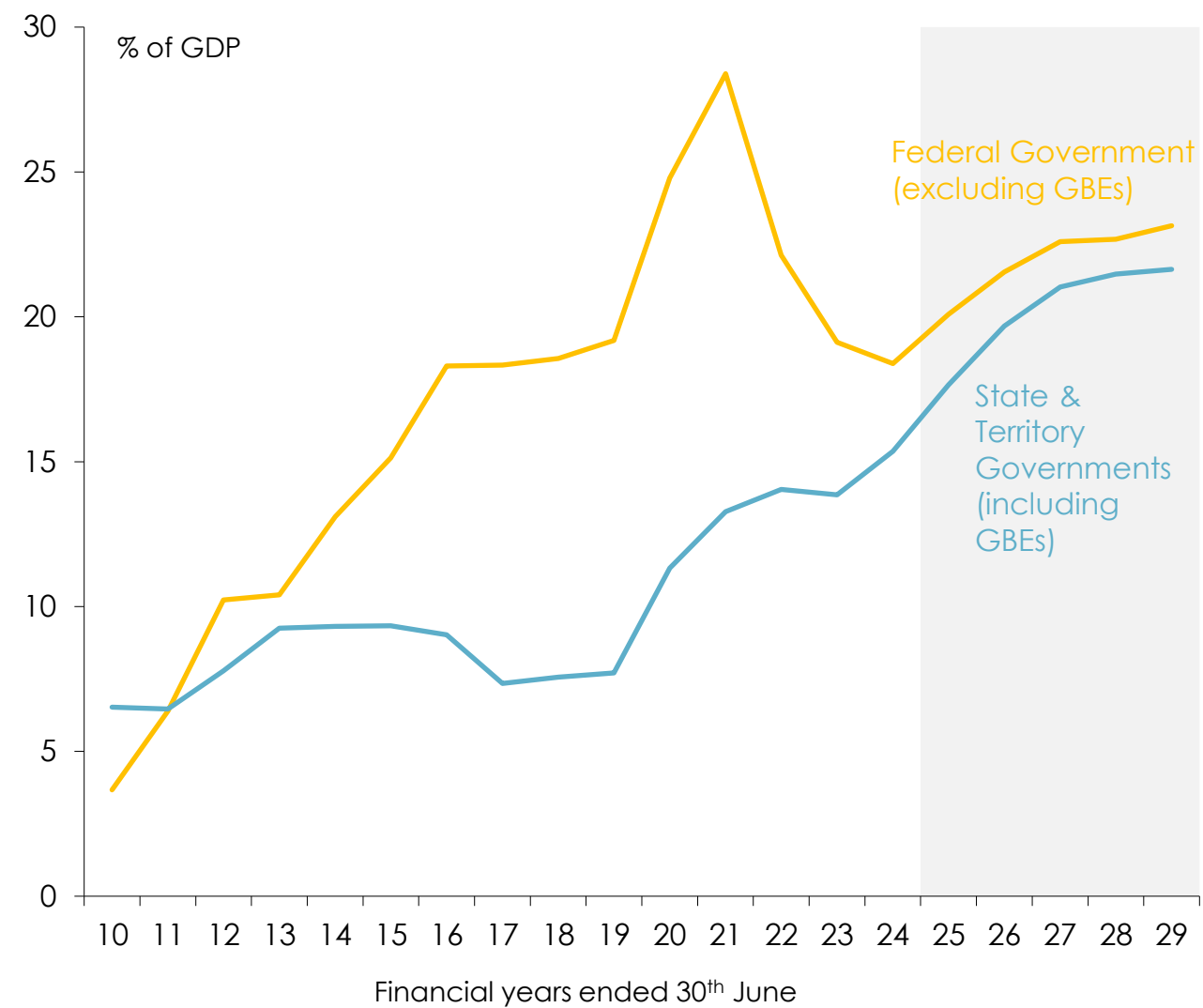
Note: Data are averages for 2025-2030. Net debt not available for Singapore. The US no longer has a AAA rating from any of the three major rating agencies.
Sources: IMF, [Fiscal Monitor Database](#) and [World Economic Outlook database](#), April 2025.

... in part because of the fiscal incontinence of state and territory governments

Cash surpluses or deficits



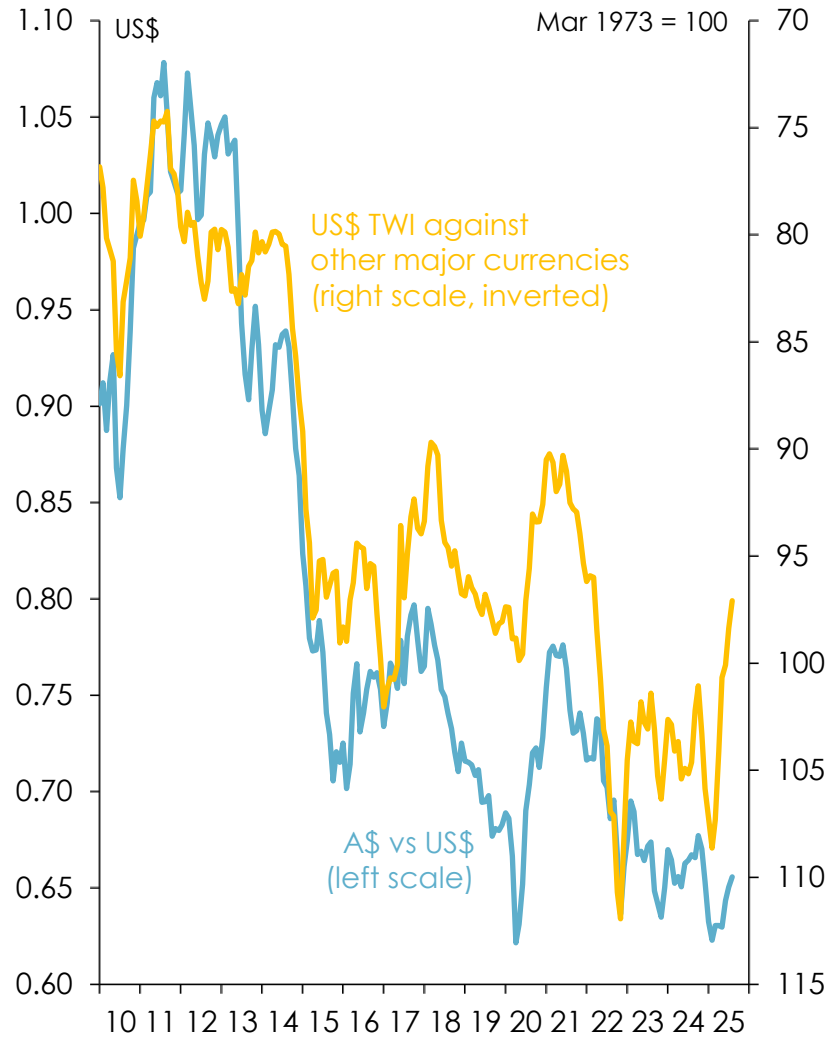
Net debt



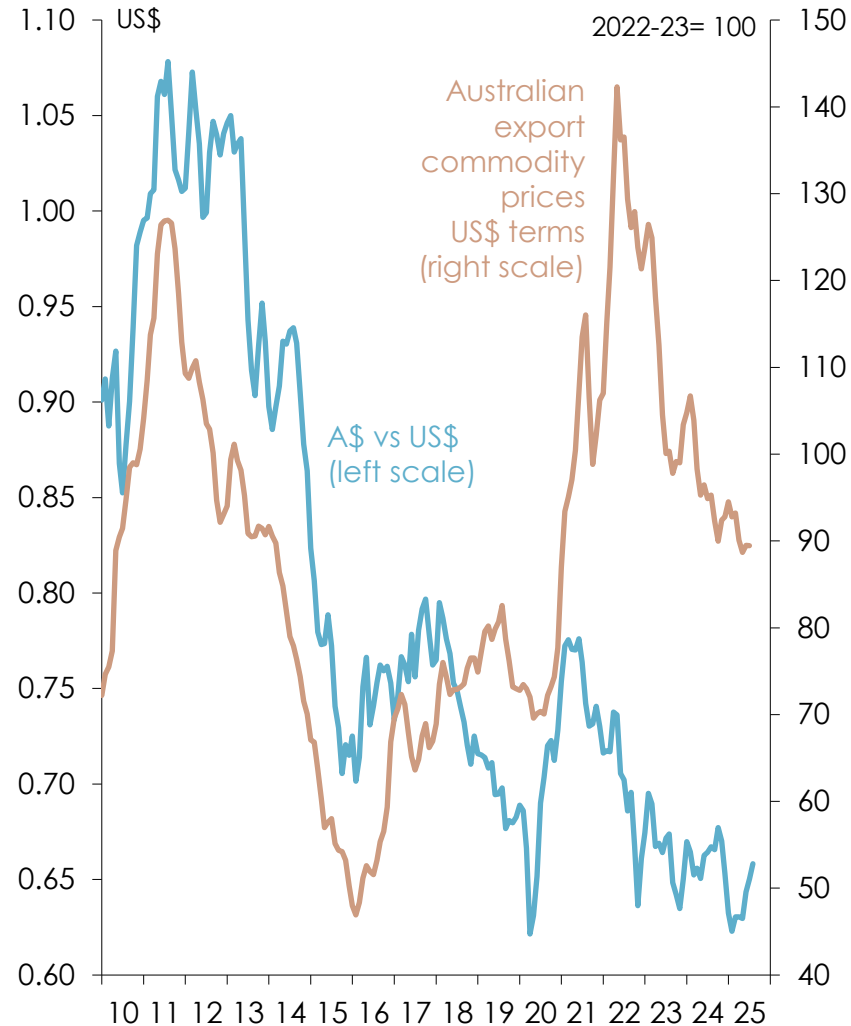
Sources: Australian Government, [2025-26 Budget Paper No. 1](#), and 2025-26 State Budget Papers for [New South Wales](#), [Victoria](#), [Queensland](#), [South Australia](#), [Western Australia](#), [Tasmania](#), the [Northern Territory](#) and the [Australian Capital Territory](#).

The A\$ has risen against the weaker US\$, but not fully as commodity prices have continued declining and markets are pricing more RBA rate cuts

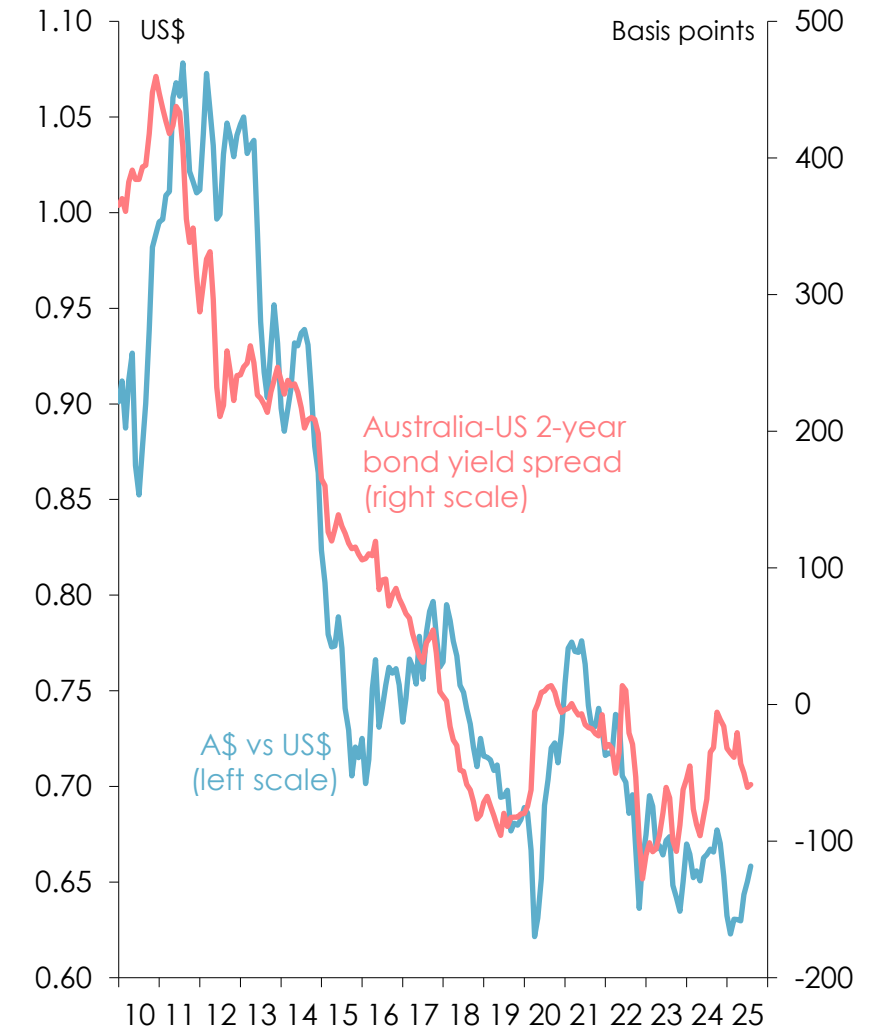
A\$-US\$ and US\$ trade-weighted index



A\$-US\$ and Australian export commodity prices



A\$-US\$ and Australia-US 2-year bond yield spread

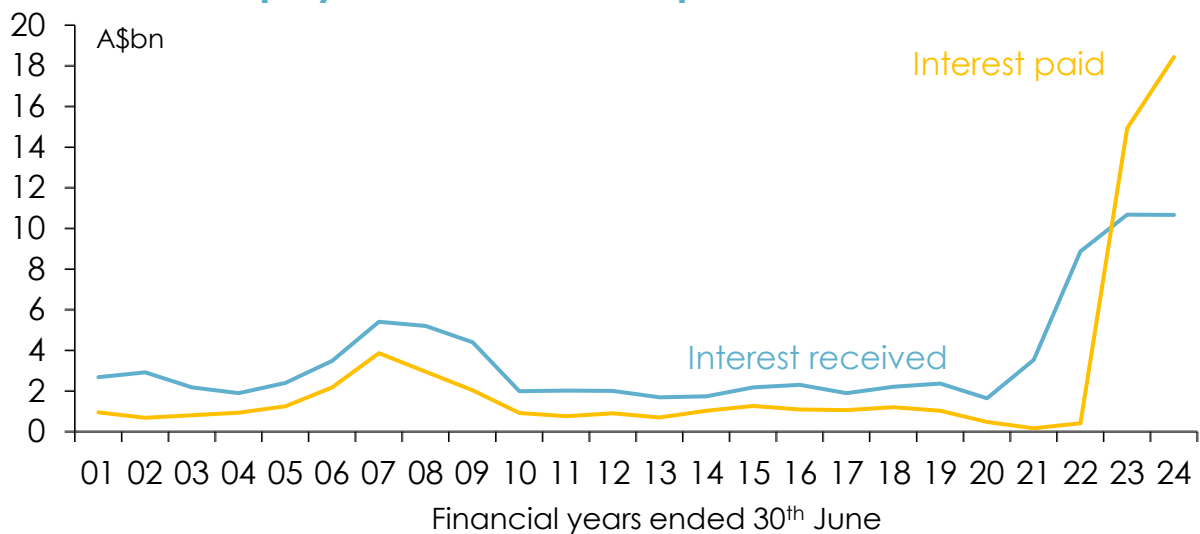


Note: The DXY is an index of the value of the US dollar against 6 other currencies (the euro, yen, pound, Canadian dollar, Swedish krona and Swiss franc).

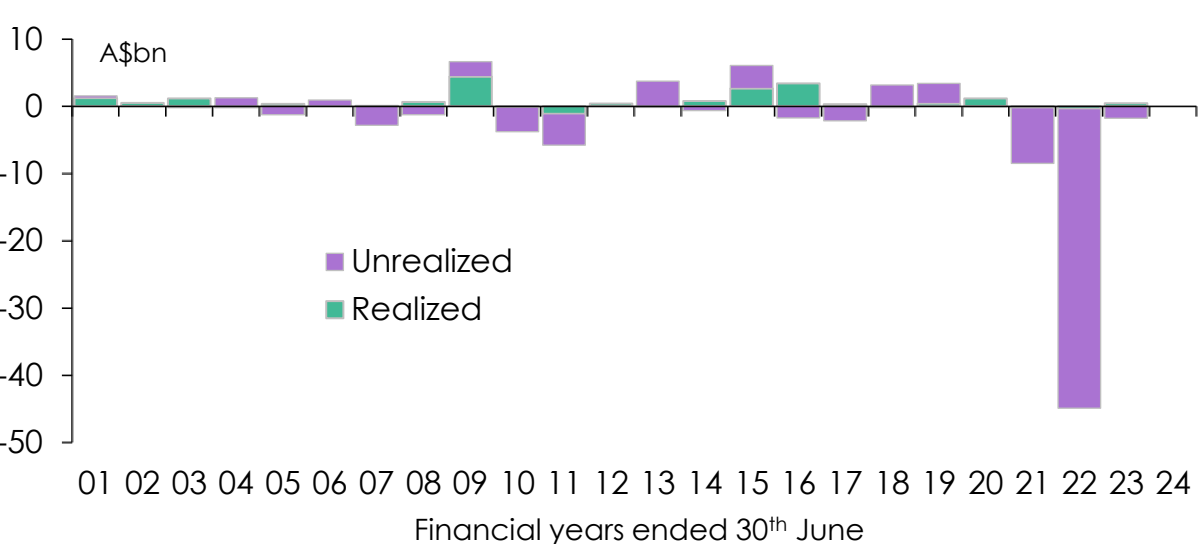
Sources: [Reserve Bank of Australia](#); [US Federal Reserve](#).

The RBA is operating in an unusual position of having negative net equity: although that doesn't hamper its ability to conduct monetary policy

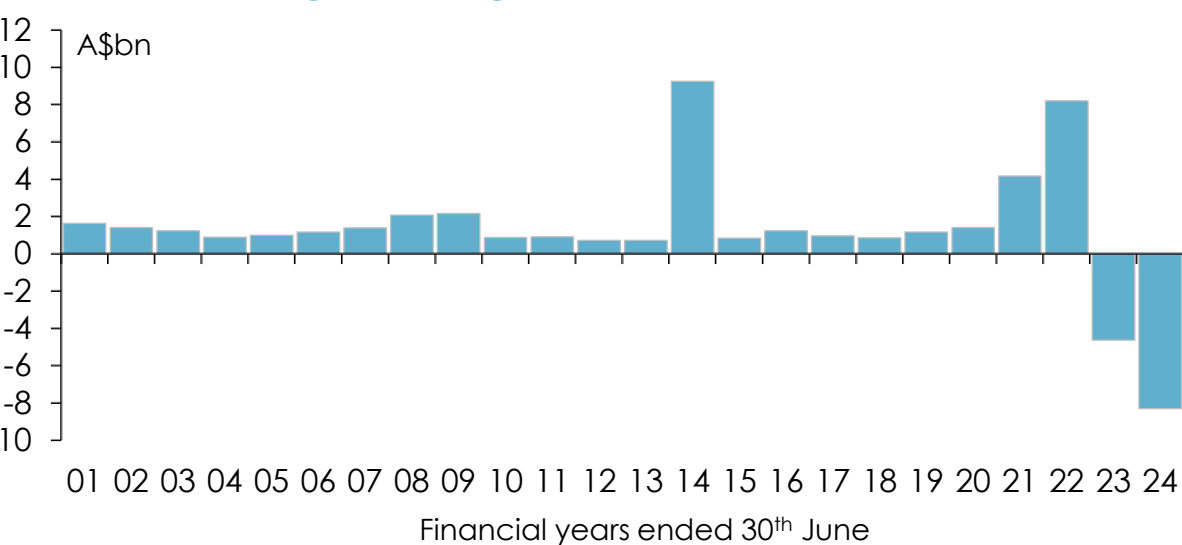
RBA interest payments and receipts



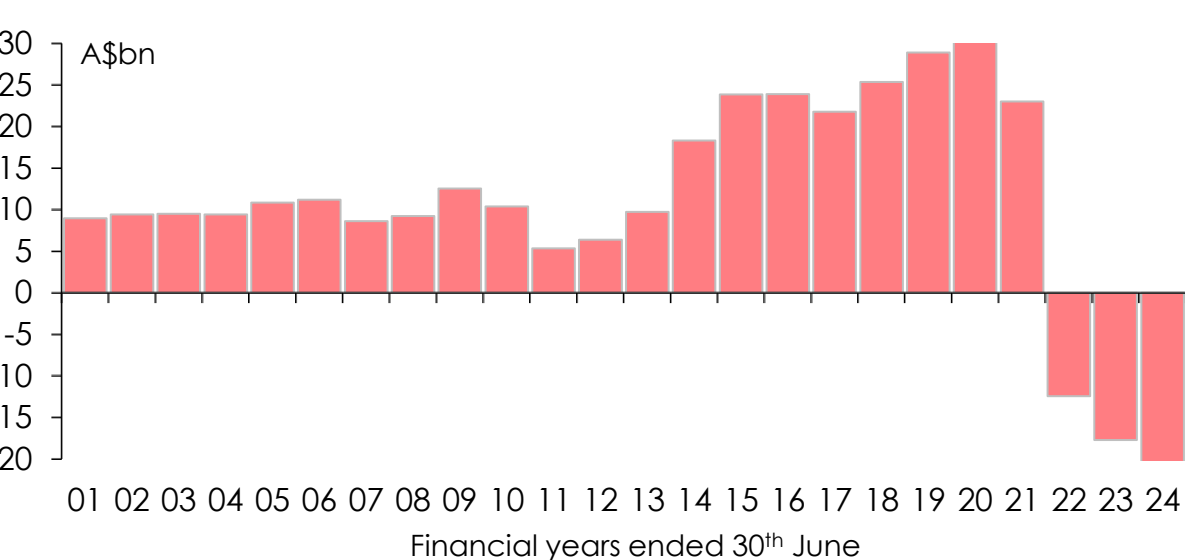
RBA valuation gains and losses



RBA 'underlying' earnings



RBA net equity

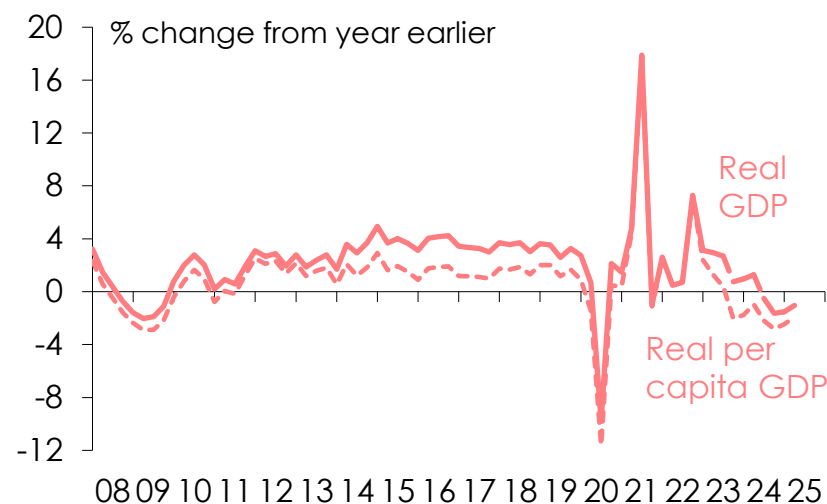


Sources: Reserve Bank of Australia, [Annual Report 2024](#) and previous issues. See also Sarah Bell, Michael Chui et al, [Why are central banks reporting losses? Does it matter?](#), BIS Bulletin No. 68, 7th February 2023.

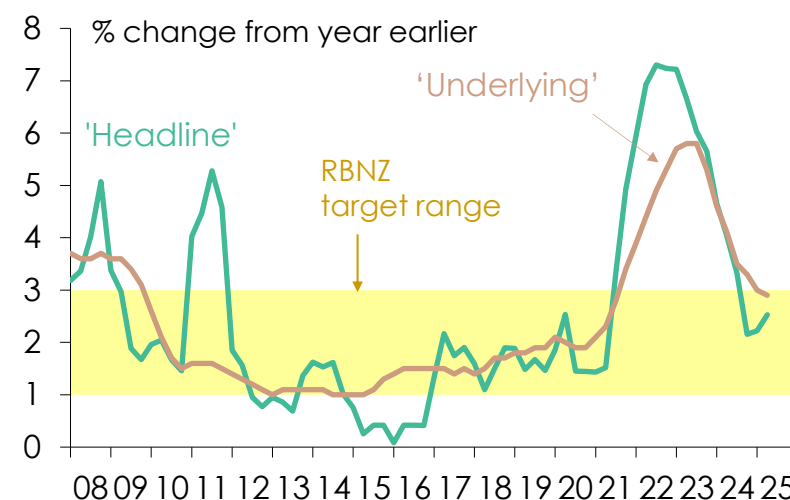
New Zealand

New Zealand inflation is also back to the RBNZ's target, but at a higher cost in terms of economic activity and unemployment than in Australia

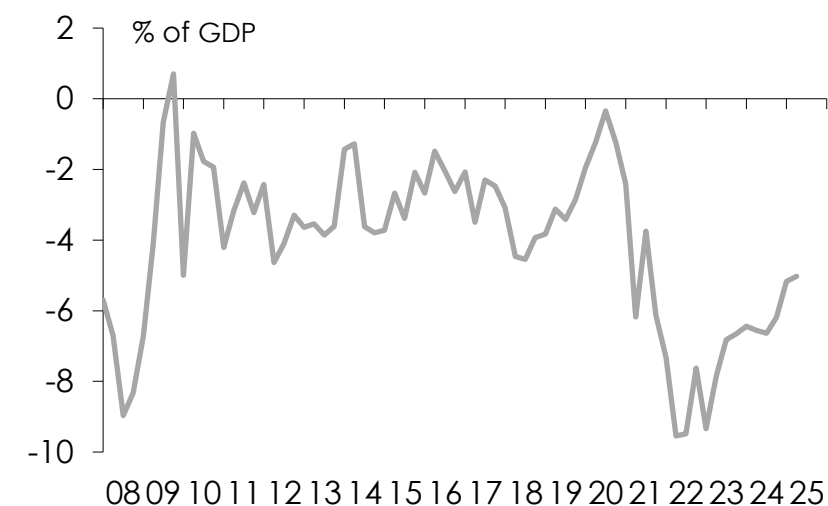
Real GDP growth



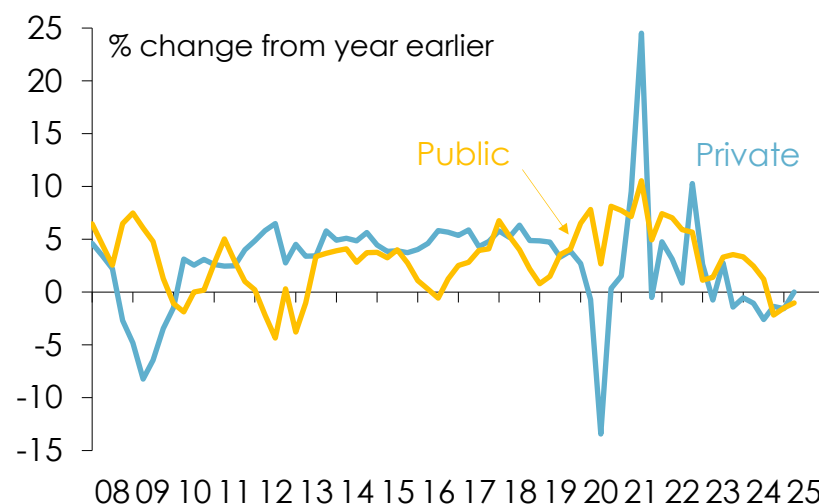
Inflation



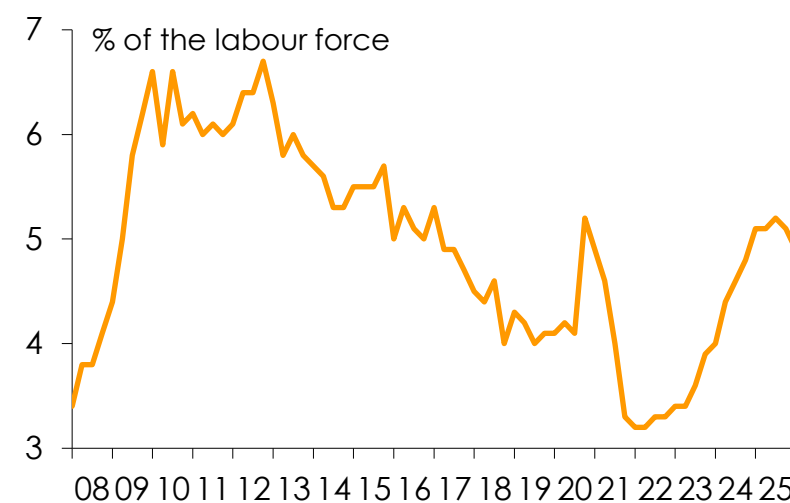
Current account balance



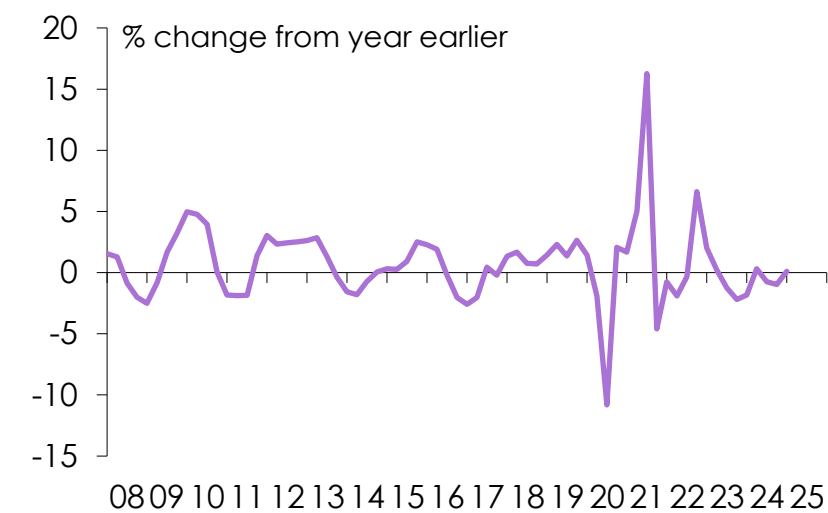
Private vs public final demand



Unemployment



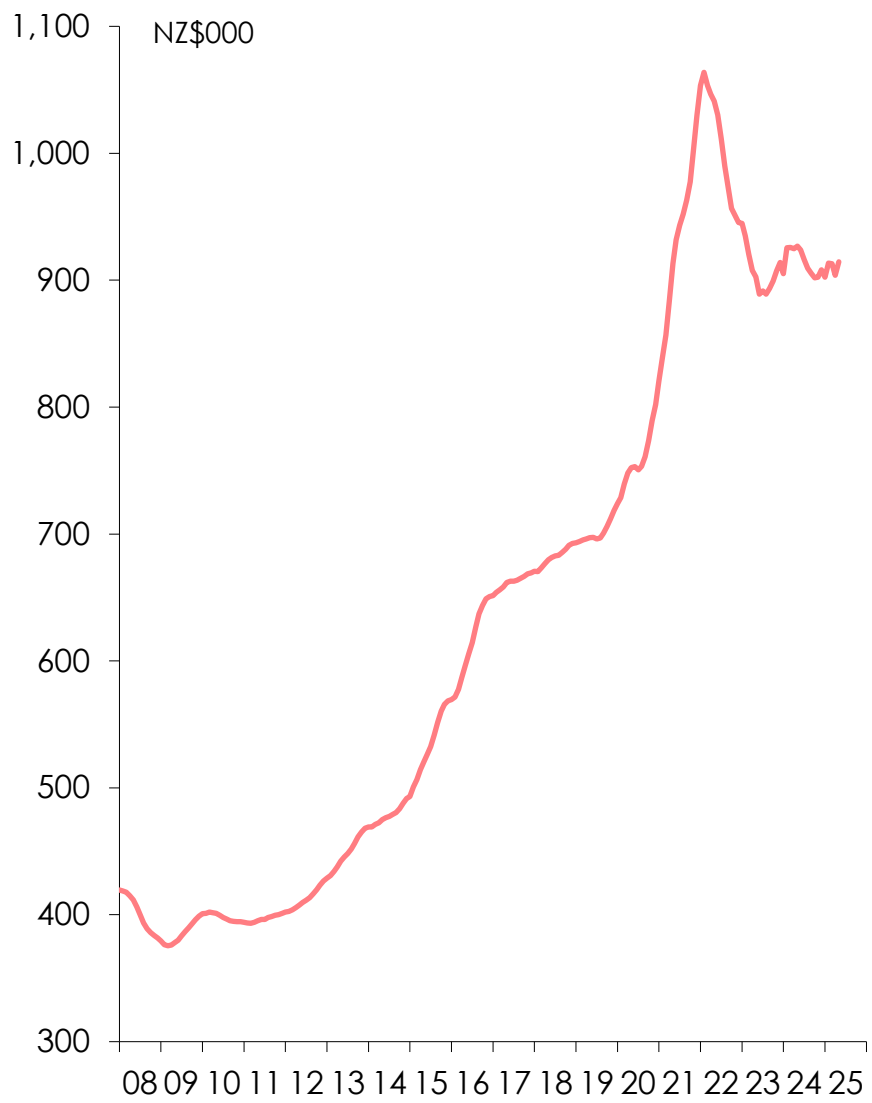
Labour productivity



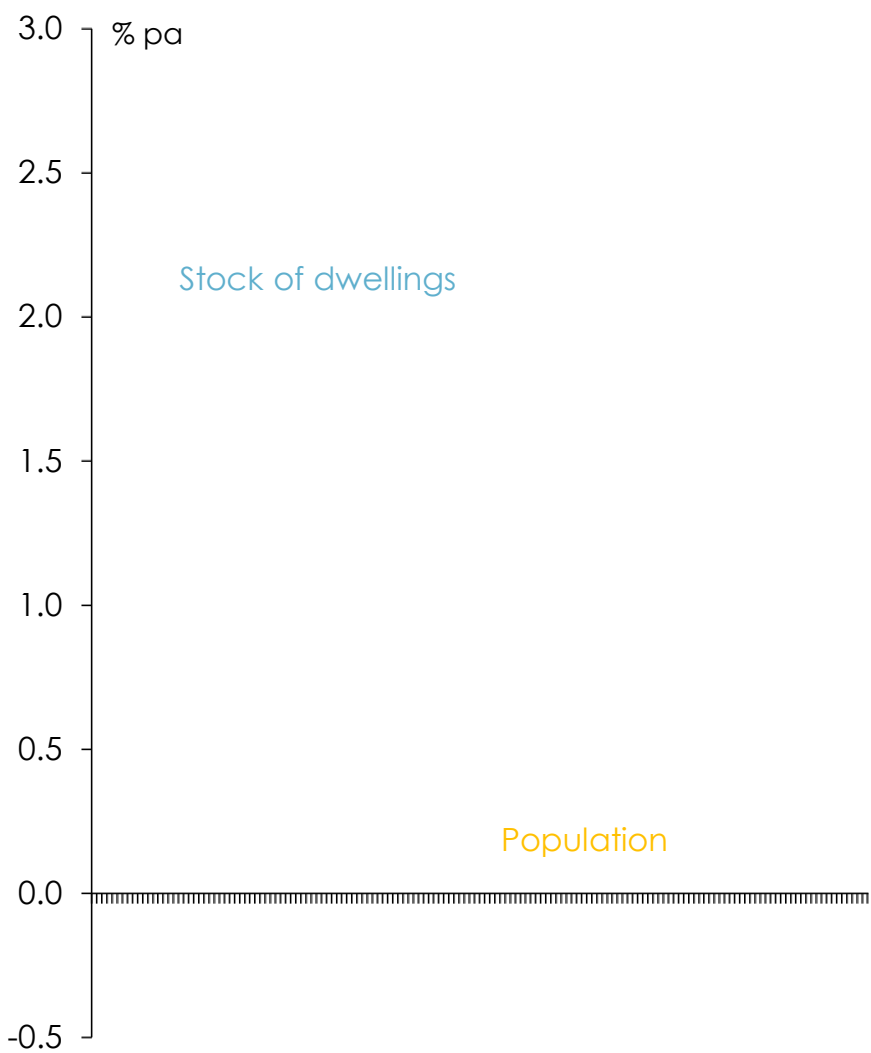
Sources: Statistics NZ (Tataramanga Aotearoa), [Gross domestic product](#), March 2025 quarter; [Consumers price index](#), March 2025 quarter; [Labour market statistics](#), March 2025 quarter; and [Balance of payments and international investment position](#), March 2025 quarter.

New Zealand has done a better job than Australia of maintaining housing affordability, boosting housing supply and maintaining home ownership

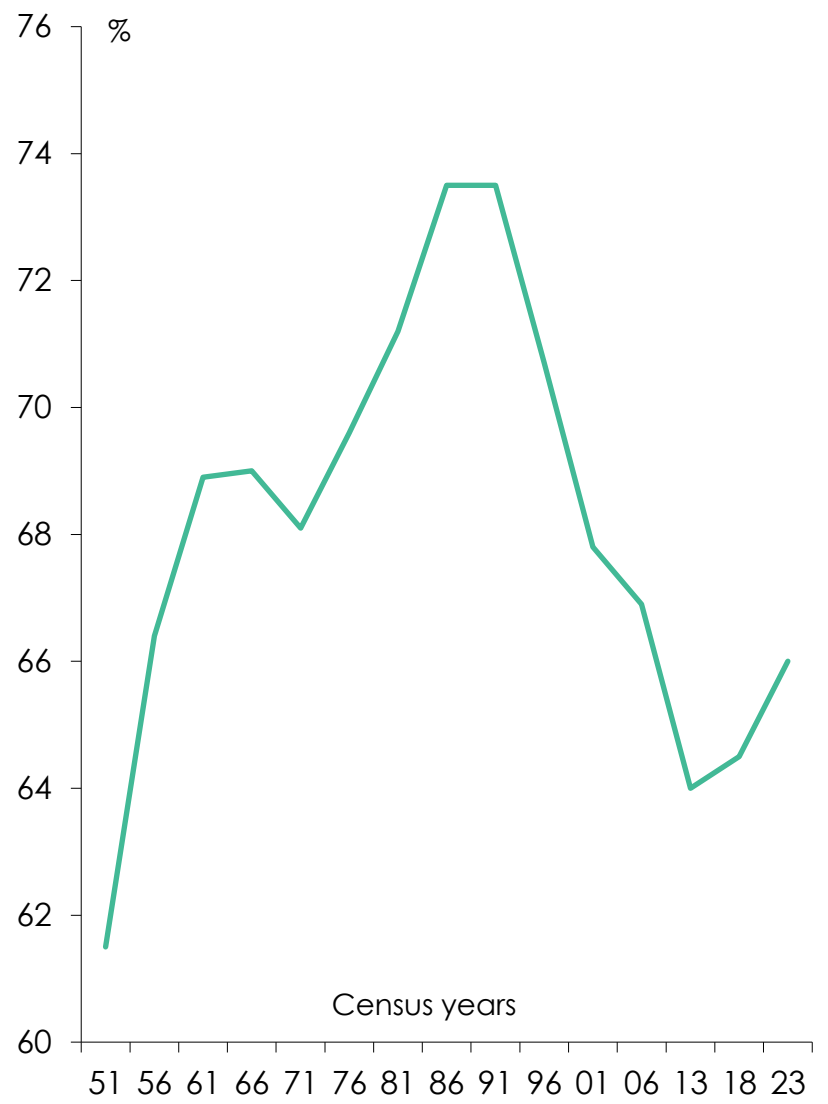
Residential property prices



Housing supply and demand

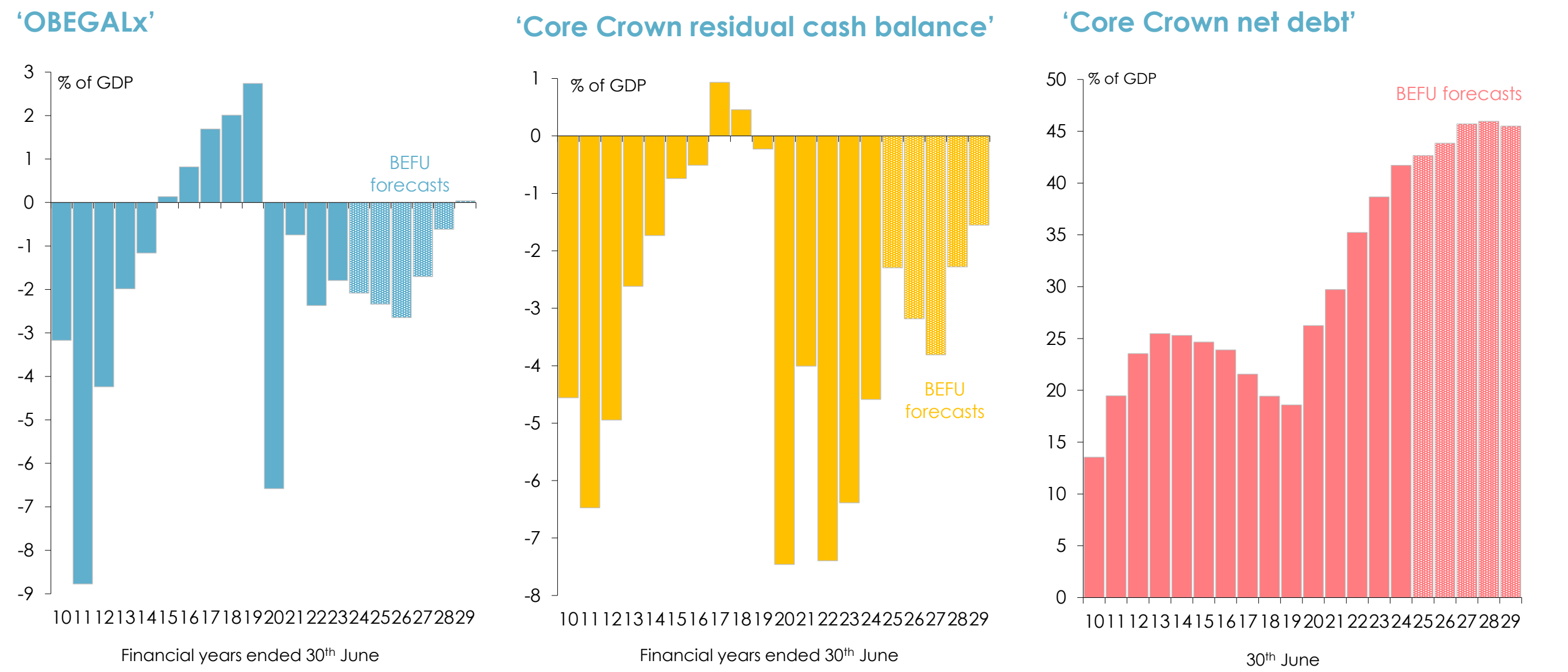


Home ownership rate



Sources: Quotable Value, [QV House Price Index](#), May 2025; Statistics NZ, [National accounts \(income, saving, assets, and liabilities\)](#), December quarter 2024, [National population estimates](#), 31st March 2025, [Home ownership increases and housing quality improves](#), 3rd October 2024, and [A century of censuses - dwellings and households](#), 14th July 2015.

New Zealand's new (conservative) National-led coalition government isn't in any hurry to return its budget to surplus or start paying down debt



Note: 'OBEGALx' is the 'operating balance' (revenue less operating expenses) excluding gains and losses (on the value of assets), and also excluding revenue and expenses of the Accident Compensation Commission; this was adopted as the principal indicator of the Government's 'bottom line' in December 2024, replacing 'OBEGAL'. The 'Core Crown residual cash balance' is total (cash) revenues less operating plus investing payments, excluding state-owned enterprises.

Source: New Zealand Treasury (Te Tai Ōhanga), [Budget Economic and Fiscal Update 2025](#), 22nd May 2025.

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SAUL ESLAKE
CORINNA ECONOMIC ADVISORY
INDEPENDENT ECONOMICS

Important information

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