

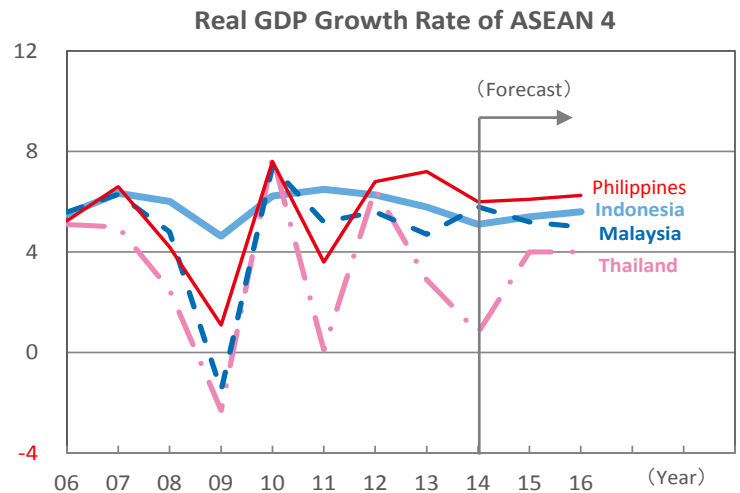
Today's Topic **2015 Asia (ASEAN 4 & India) economic outlook**

## Moderately accelerate led by export and investment

### Point 1

#### Economy stands firm in general Thai economy remains sluggish due to political uncertainty

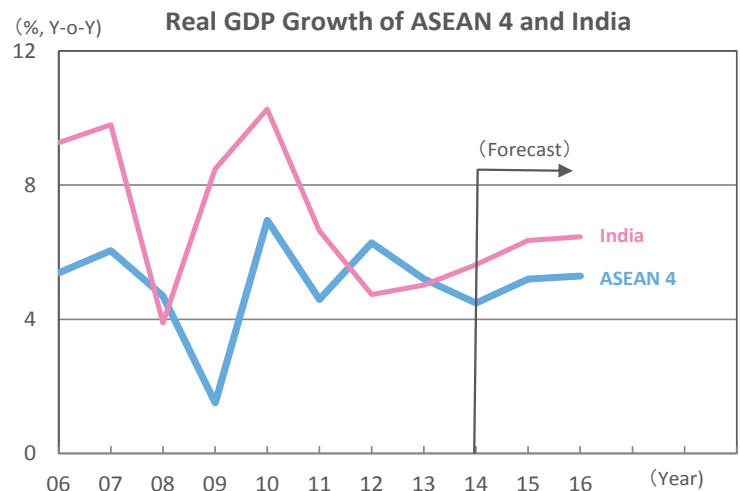
- The economy of Indonesia, Malaysia and the Philippines stand firm supported by the wage increase and strong consumption. The export weakened in the latter half of the year due to slowing Chinese economy. The capital investment is slightly slowing down due to weak export in recent days.
- Thai economy has been sluggish recently affected by the political uncertainty continued from the second half of last year to the first half of this year. While in India, the economy is on a recovery trend supported by the expansion of consumption.



### Point 2

#### Moderate acceleration Fall of crude oil price is positive to the economy

- The economy is expected to moderately accelerate in each country, led by the recovery in export and the expansion of capital investment. The export is anticipated to moderately recover along the recovery of the US and the stabilisation of Chinese economy. The capital investment is expected to expand in infrastructure area mainly in India and Indonesia where the government has changed. Consumption seems to stay solid supported by the wage increase.
- Recent fall of the crude oil price is positive to the corporate earnings as it pushes down the cost of transportation and material. Falling oil price is positive to the economy of India and Thailand as it increases the purchasing power of the consumers.



(Note) 1. Data of both charts are from 2006 to 2016 (Calendar year). The forecasts beyond 2014 were by IMF.  
2. The real GDP growth rate of ASEAN 4 is calculated using weighted average of each country's GDP.  
3. FY (from April to next March) is used for India.  
(Source) SMAM, based on the IMF data.

### Future Outlook

#### Strong export and low interest rate support investment and consumption. In India, the policy boosts investment

- In general, the CPIs (Consumer Price Index) seem to trend down across the Asian countries along with the price fall of natural resources, which will make policy interest rates unchanged by most of them. The fall of natural resource prices is expected to support the economy as it would curve inflation and interest rate hike.
- In India, the government policy to attract foreign capital will boost the investment expansion, and will help to keep its recovery track, along with the fall of crude oil price.
- The risk factor of the economic recovery of Asian countries would be the economic downturn of the US and China.

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