



ASEAN and Vietnam Outlook – Key Drivers and Their Implications

Suan Teck Kin, CFA, Head of Research
UOB Global Economics & Markets Research
www.uobgroup.com/research

16 July 2024

Vietnam: Progress and Prospects

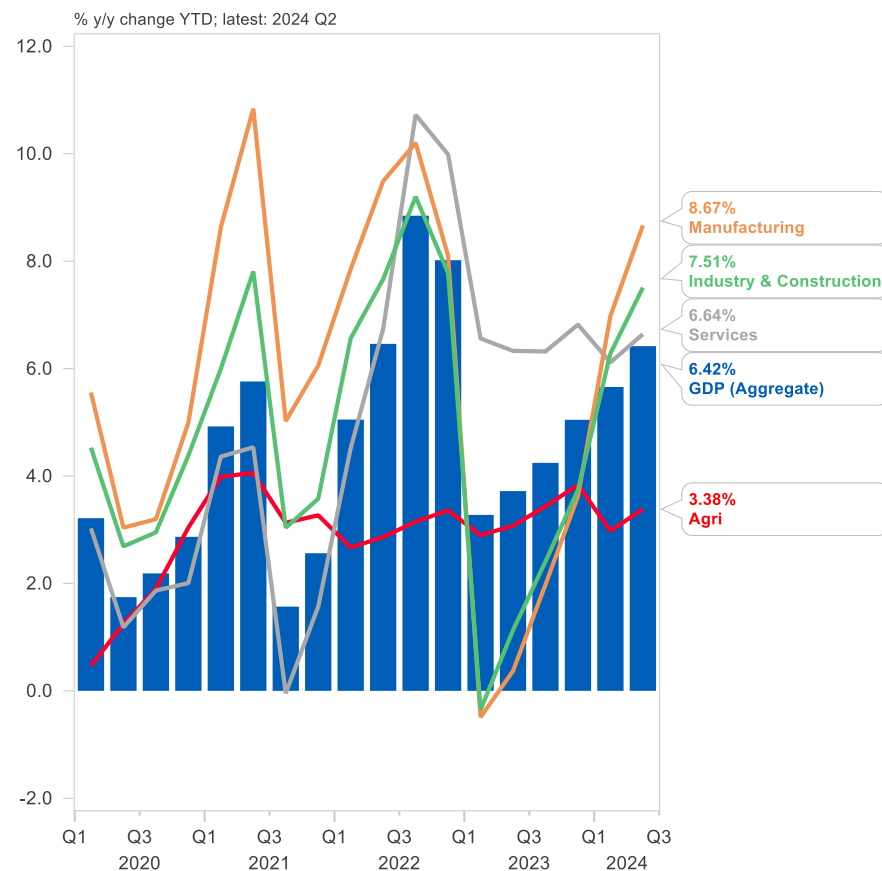
Vietnam – Key takeaways

- **Positive view** for Vietnam in 2024 – 1H2024 achieved better-than-expected GDP growth of 6.42% y/y, 1.6x faster than 3.84% in 1H23.
- Key drivers: Double-digit gains in **exports and imports** in 1H24; rebound in **manufacturing and services sector** activities; accelerated **domestic spending** with increased **tourist arrivals**; **FDI** 13.1% y/y higher to USD15.2 bn in 1H24 on investors' confidence.
- **Outlook:** We are keeping growth forecast for Vietnam **at 6.0% for 2024** (2023: 5%; official target 6.0-6.5%), riding on expansion of the electronics cycle, potential US Fed rate cuts and steady progress of China's economy. Watch for **downside risks**: High base effects from 2H23 (5.05% y/y) and potential disruptions to energy/food, shipping and supply chains from conflicts in Middle East and Eastern Europe.
- **SBV** to keep refinance rate steady at 4.5%; slightly stronger **VND** of 25,000/USD by end-2024

Vietnam: Growth momentum carried into 2Q24

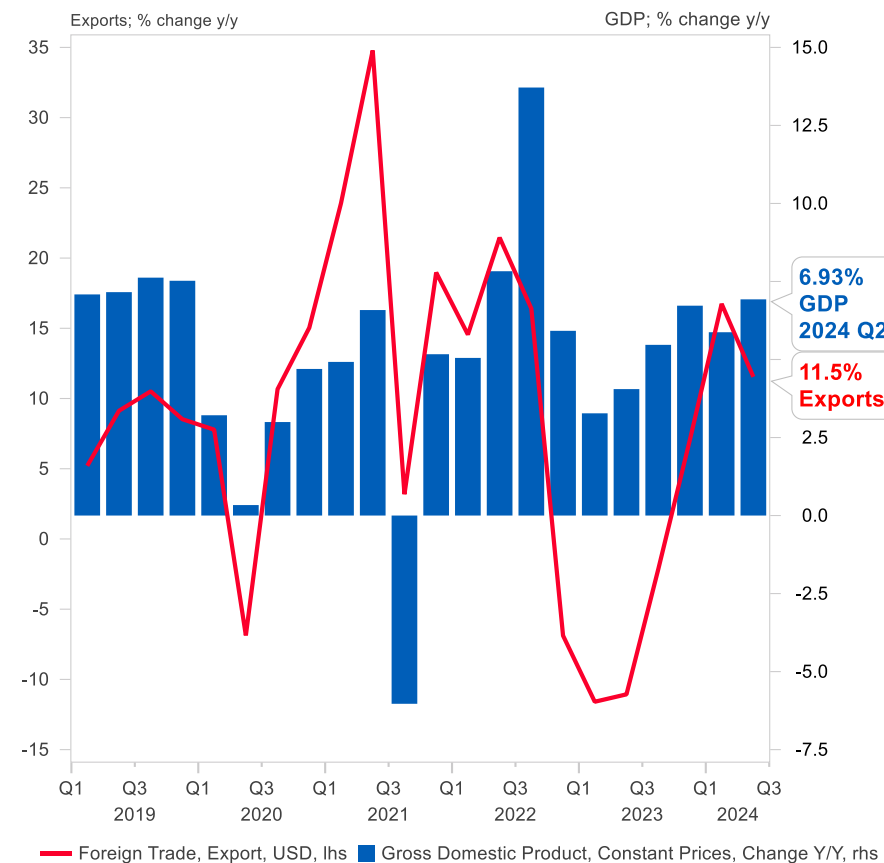
...GDP growth +6.93% y/y in 2Q24, extending momentum from 1Q24 on exports' rebound

Vietnam: Real GDP by Sectors YTD, Quarterly



Source: Macrobond, UOB Global Economics & Markets Research

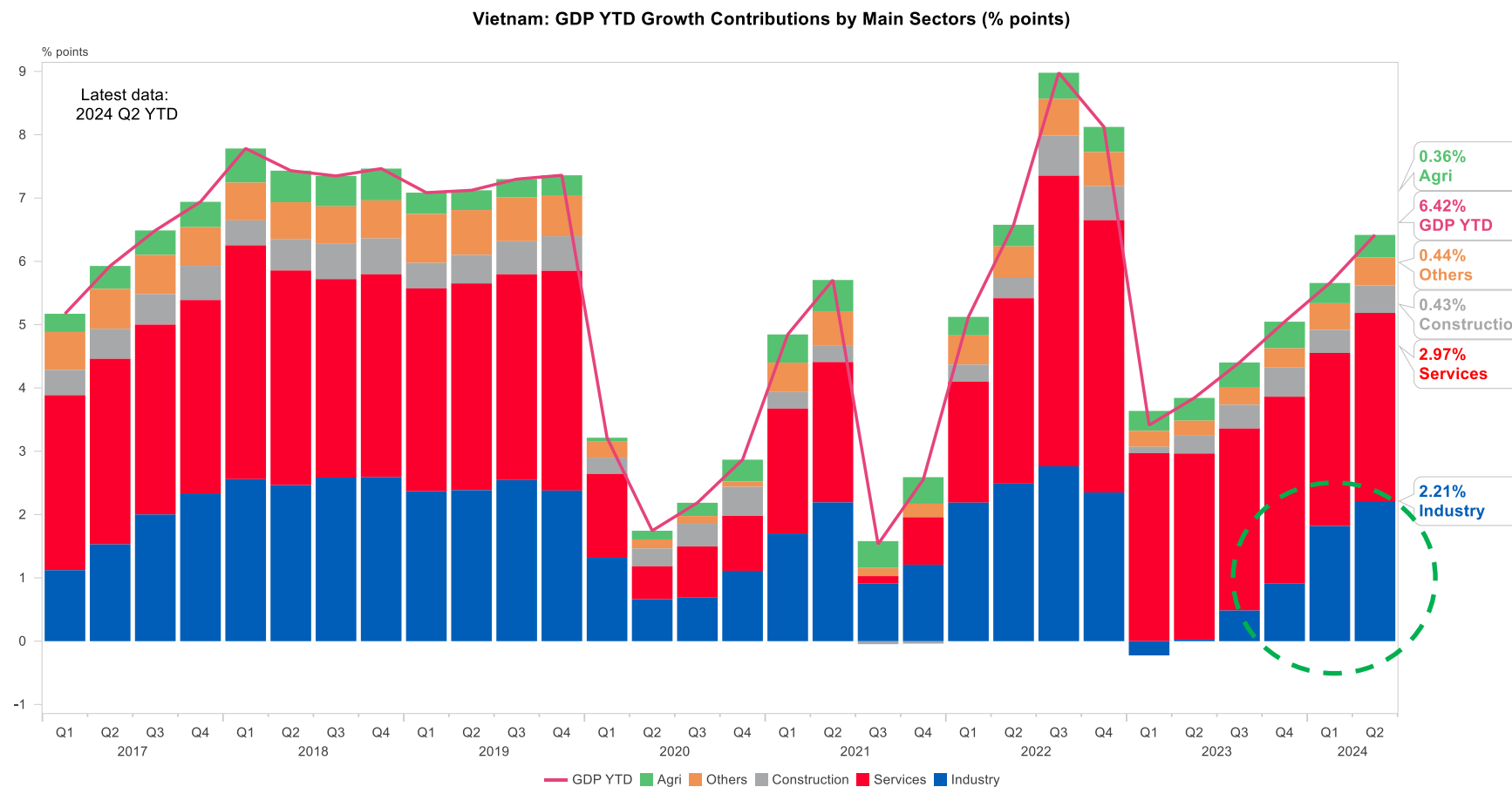
Vietnam: Real GDP and Export Growth



Source: Macrobond, UOB Global Economics & Markets Research

Vietnam: Services and manufacturing the major growth drivers

... manufacturing sector recovered further on the electronics cycle's resurgence

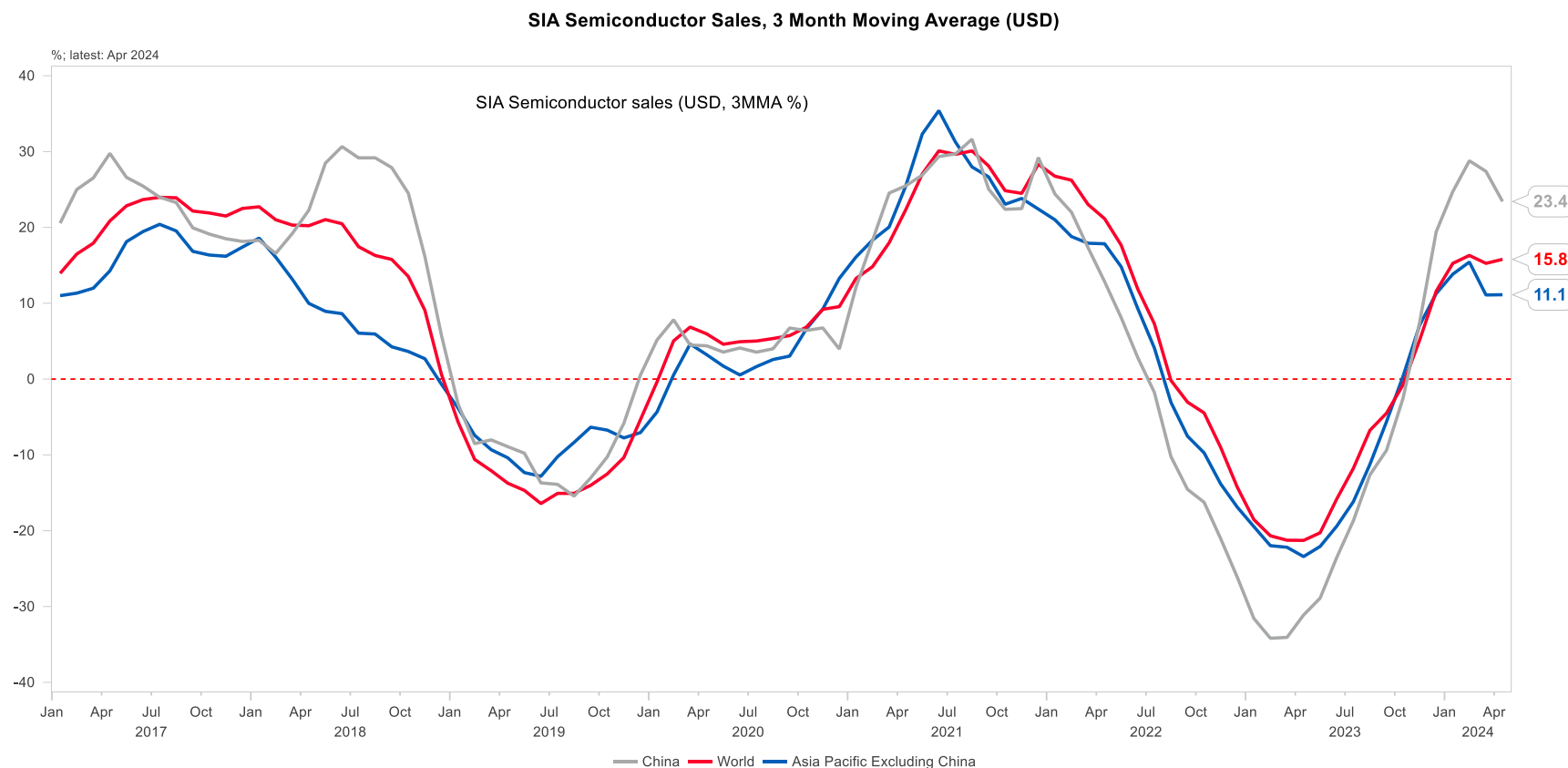


Source: Macrobond, UOB Global Economics & Markets Research

Source: Vietnam: Growth momentum extends into 2Q24, 1 July 2024 https://www.uobgroup.com/assets/web-resources/research/pdf/MN_240701.pdf

Vietnam: Services and manufacturing the major growth drivers

... manufacturing sector continued to ride on the electronics cycle's upturn



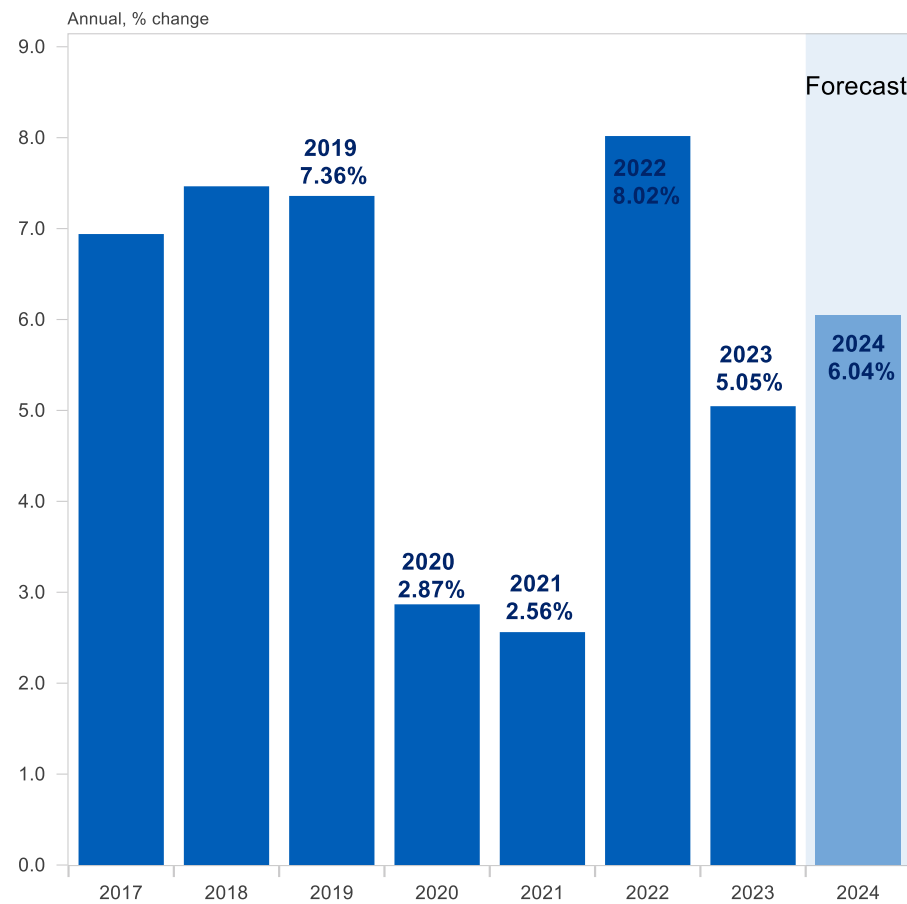
Source: Macrobond, SIA, UOB Global Economics & Markets Research

Vietnam: Better prospects in 2024; but momentum may slow in 2H24



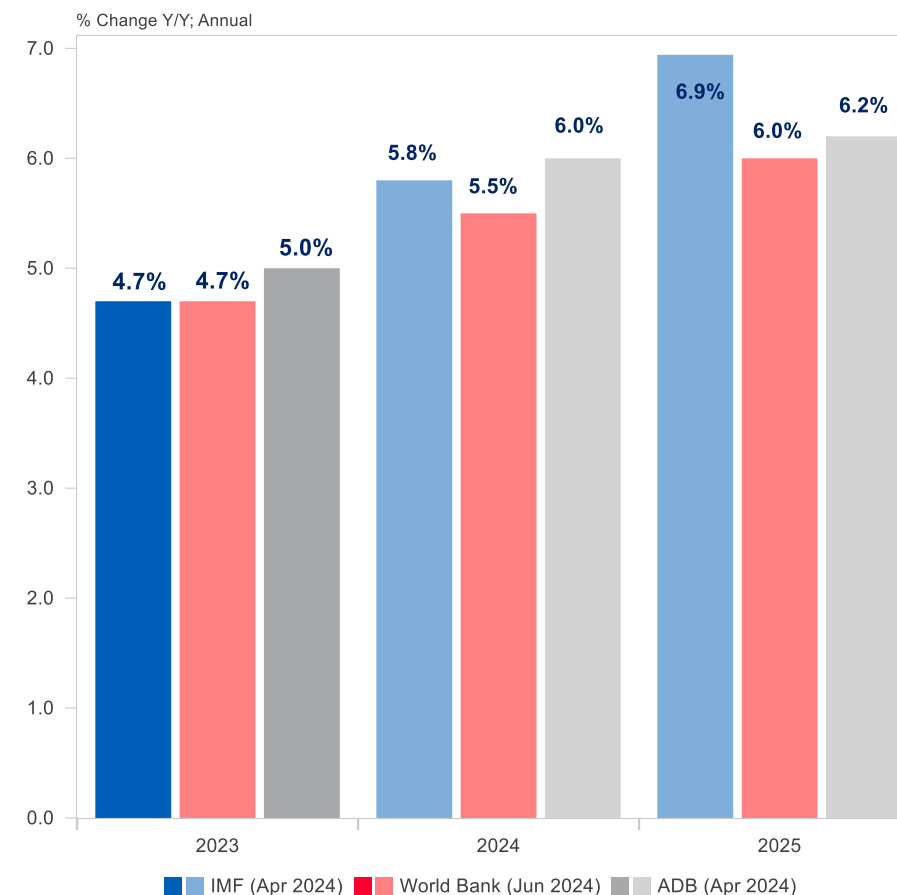
GDP projection at 6% in 2024; official forecast 6.0-6.5%

Vietnam: Real GDP growth (VND)



Source: Macrobond, UOB Global Economics & Markets Research

Vietnam: Real GDP Growth Forecasts by Multilateral Agencies



Source: Macrobond, UOB Global Economics & Markets Research

Source: Vietnam: A positive start for the year, 1 April 2024 https://www.uobgroup.com/assets/web-resources/research/pdf/MN_240401A.pdf

Vietnam: Manufacturing sector

Purchasing Managers Index: Vietnam's readings in Jun surged to highest since May 2022

	Above 50 = Expansion Data: S&P Global	Index 30 35 40 45 50 55 60 65	Latest 6/2024	1M ago 5/2024	2M ago 4/2024	3M ago 3/2024	12M ago 6/2023	3Y Mean	3Y High	3Y Low
World			50.9	51.0	50.3	50.6	48.7	51.0	55.4	48.6
Developed Mkts			49.7	50.0	48.6	49.3	46.3	51.1	59.8	46.3
Australia			47.2	49.7	49.6	47.3	48.2	52.1	59.2	47.2
Canada			49.3	49.3	49.4	49.8	48.8	51.7	58.9	45.4
EU			45.8	47.3	45.8	46.3	43.4	49.9	62.5	42.8
Japan			50.0	50.4	49.6	48.2	49.8	50.7	55.4	47.2
New Zealand			n/a	47.2	48.8	46.7	47.4	49.9	61.8	38.9
United Kingdom			50.9	51.2	49.1	50.3	46.5	50.7	60.4	43.0
United States			51.6	51.3	50.0	51.9	46.3	52.5	63.4	46.2
Emerging Mkts			52.1	52.0	52.0	52.0	51.1	50.7	52.1	48.1
China			51.8	51.7	51.4	51.1	50.5	50.0	51.8	46.0
India			58.3	57.5	58.8	59.1	57.8	56.1	59.1	52.3
South Korea			52.0	51.6	49.4	49.8	47.8	50.1	53.8	47.3
Taiwan			53.2	50.9	50.2	49.3	44.8	49.1	59.7	41.5
ASEAN			51.7	51.7	51.0	51.5	51.0	51.1	53.6	44.5
Indonesia			50.7	52.1	52.9	54.2	52.5	51.7	57.2	40.1
Malaysia			49.9	50.2	49.0	48.4	47.7	48.8	52.8	40.1
Myanmar			50.7	52.1	49.9	48.3	50.4	47.6	57.4	33.5
Philippines			51.3	51.9	52.2	50.9	50.9	51.8	54.3	46.4
Singapore			50.4	50.6	50.5	50.7	49.7	50.2	51.0	49.5
Thailand			51.7	50.3	48.6	49.1	53.2	51.1	60.4	45.1
Vietnam			54.7	50.3	50.3	49.9	46.2	49.7	54.7	40.2

Updated on: Wed 10 Jul 2024, 09:23AM SGT

■ 3Y Hi/Lo range ● Latest (6/2024) ▲ 3Y Mean

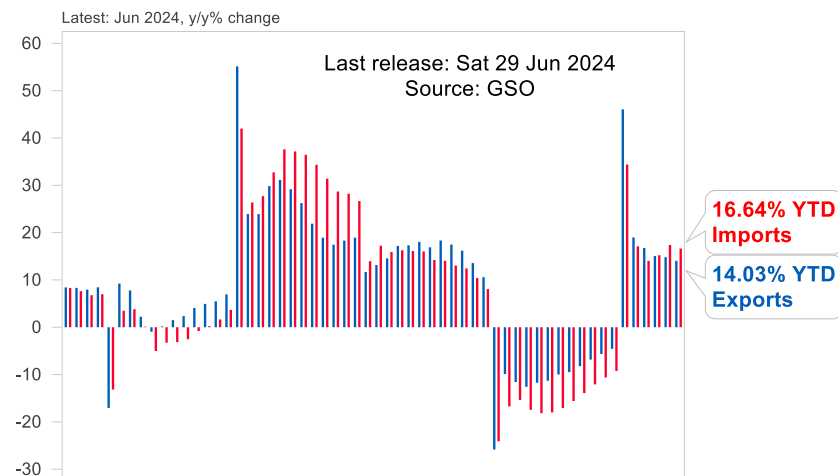
Source: Global Economics & Markets Research

Source: Vietnam: Growth momentum extends into 2Q24, 1 July 2024 https://www.uobgroup.com/assets/web-resources/research/pdf/MN_240701.pdf

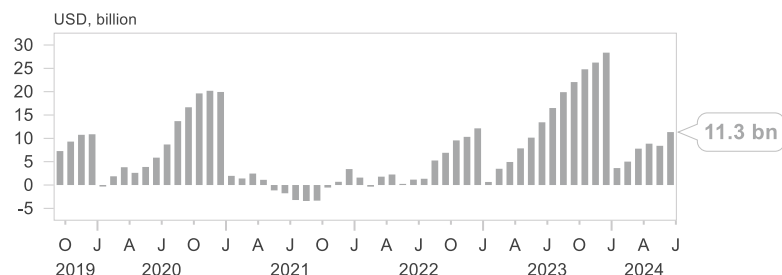
Vietnam: External trade

Trade momentum stays strong YTD in 2024, supported by electronics exports

Vietnam, Foreign Trade, Monthly, YTD Jun 2024

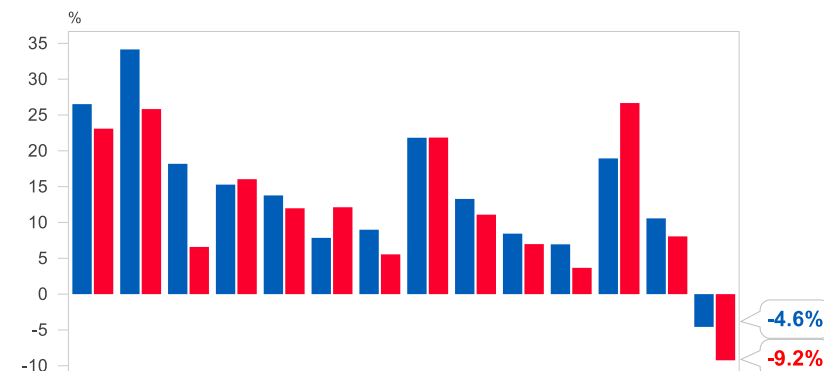


Vietnam: Trade Balance of Goods, YTD Jun 2024

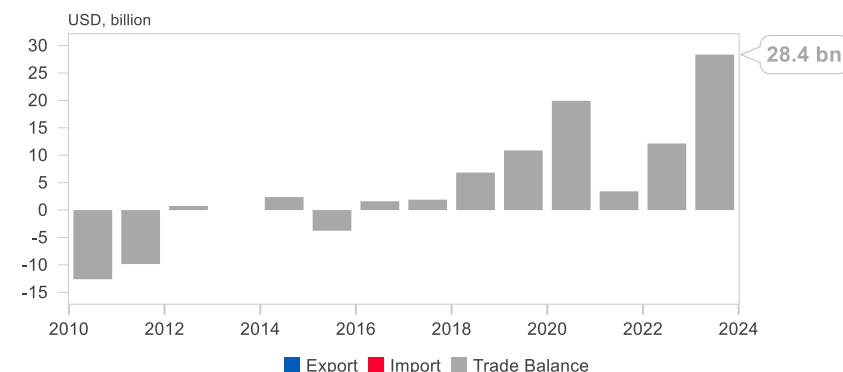


Source: Macrobond, UOB Global Economics & Markets Research

Vietnam: Annual Foreign Trade (latest: 2023)



Vietnam: Trade Balance, USD (Annual)

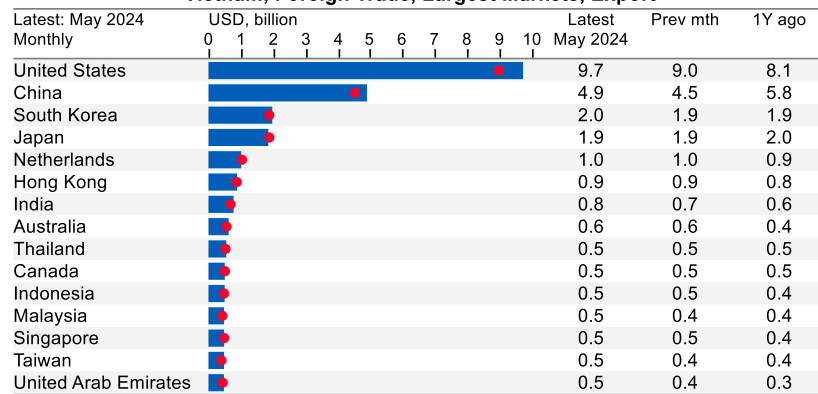


Source: Macrobond, UOB Global Economics & Markets Research

Vietnam: External trade

US is Vietnam's largest exports market; China remains the biggest source of imports

Vietnam, Foreign Trade, Largest Markets, Export

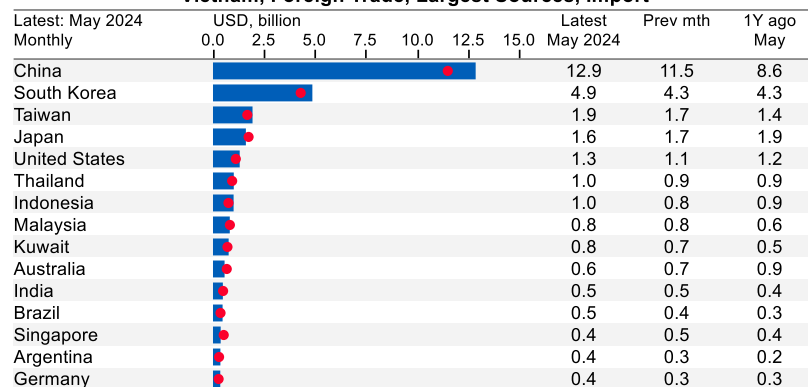


VN General Department of Customs; Last release: 11 Jun 2024

■ Latest ● Prev mth

Source: Global Economics & Markets Research

Vietnam, Foreign Trade, Largest Sources, Import

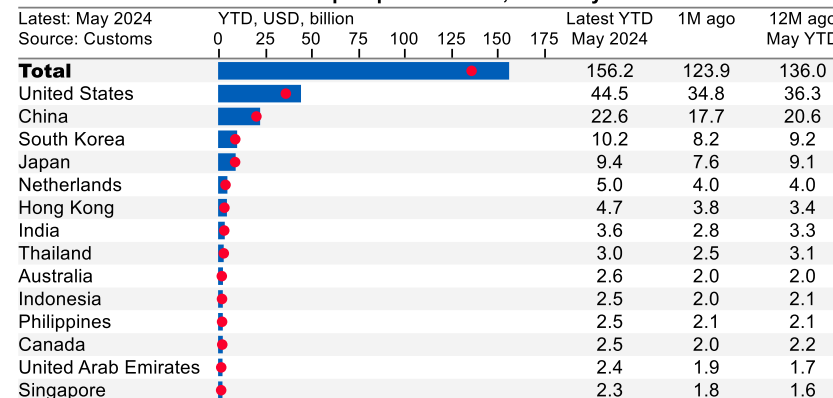


VN General Department of Customs; Last release: 11 Jun 2024

■ Latest ● Prev mth

Source: Global Economics & Markets Research

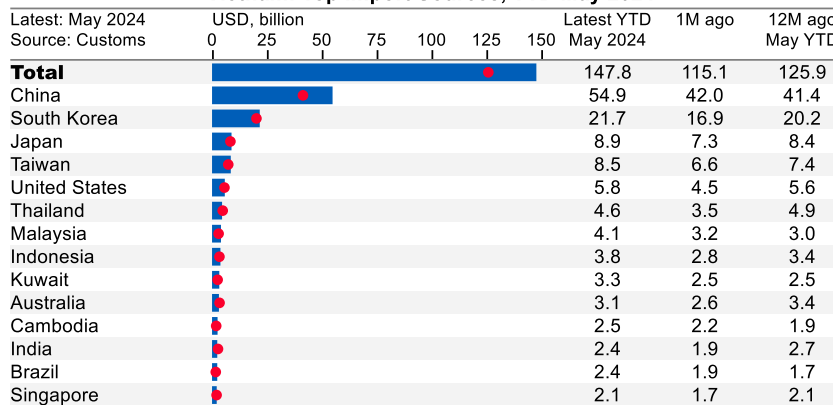
Vietnam: Top Export Markets, YTD May 2024



■ Latest YTD ● 12M ago

Source: Global Economics & Markets Research

Vietnam: Top Import Sources, YTD May 2024













■ Latest YTD ● 12M ago

Source: Global Economics & Markets Research

Vietnam: External trade

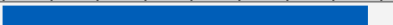









Trade balance: US the overwhelming contributor to trade surplus and China the main deficit source

Vietnam, Trade Balance, Main Surplus Sources (Monthly)

Latest: May 2024 Monthly	USD, billion 0 1 2 3 4 5 6 7 8 9	Latest May 2024	Prev month	1Y ago
United States		8.4	7.9	6.4
Netherlands		0.9	1.0	0.8
Hong Kong		0.8	0.8	0.6
Canada		0.5	0.4	0.5
United Arab Emirates		0.4	0.4	0.2
Mexico		0.3	0.4	0.4
India		0.3	0.2	0.1
Philippines		0.3	0.4	0.2
Belgium		0.3	0.3	0.2
Japan		0.2	0.1	0.4



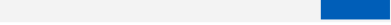
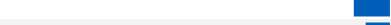
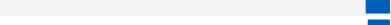
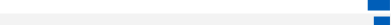
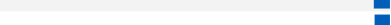
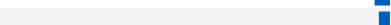
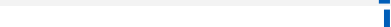
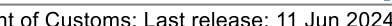
VN General Department of Customs; Last release: 11 Jun 2024
Source: Global Economics & Markets Research

Vietnam, Trade Balance, Main Surplus Sources, YTD May 2024

Latest: May 2024 Monthly	USD, billion 0 5 10 15 20 25 30 35 40	YTD May 2024	Prev month	1Y ago May YTD
United States		38.7	30.3	30.7
Netherlands		4.7	3.8	3.7
Hong Kong		4.2	3.4	2.5
Canada		2.2	1.8	2.0
United Arab Emirates		2.0	1.6	1.4
Mexico		1.9	1.5	1.5
Italy		1.4	1.2	1.3
Philippines		1.4	1.1	1.2
Spain		1.4	1.2	1.1
Belgium		1.3	1.0	1.0



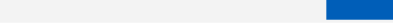

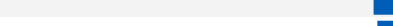
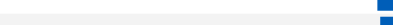
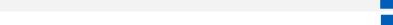
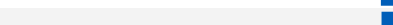
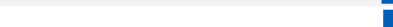
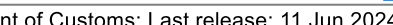
VN General Department of Customs; Last release: 11 Jun 2024
Source: Global Economics & Markets Research

Vietnam, Trade Balance, Main Deficit Sources (Monthly)

Latest: May 2024 Monthly	USD, billion -8 -7 -6 -5 -4 -3 -2 -1 0	Latest May 2024	Prev month	1Y ago
China		-8.0	-7.0	-4.0
South Korea		-2.9	-2.4	-2.5
Taiwan		-1.5	-1.3	-1.0
Kuwait		-0.8	-0.7	-0.7
Indonesia		-0.5	-0.3	-0.4
Thailand		-0.5	-0.4	-0.4
Malaysia		-0.3	-0.4	-0.2
Argentina		-0.3	-0.3	-0.1
Brazil		-0.2	-0.1	0.0
Ireland		-0.1	-0.1	-0.1

VN General Department of Customs; Last release: 11 Jun 2024
Source: Global Economics & Markets Research

Vietnam, Trade Balance, Main Deficit Sources, YTD May 2024

Latest: May 2024 Monthly	USD, billion -35 -30 -25 -20 -15 -10 -5 0	YTD May 2024	Prev month	1Y ago May YTD
China		-32.4	-24.4	-20.9
South Korea		-11.5	-8.6	-11.0
Taiwan		-6.3	-4.9	-5.5
Kuwait		-3.3	-2.5	-2.5
Malaysia		-1.9	-1.6	-0.9
Thailand		-1.6	-1.1	-1.8
Indonesia		-1.3	-0.8	-1.3
Brazil		-1.2	-1.0	-0.6
Ireland		-1.2	-1.0	-0.8
Argentina		-1.0	-0.7	-0.3

VN General Department of Customs; Last release: 11 Jun 2024
Source: Global Economics & Markets Research

Vietnam: External trade

Exports and imports trends: Electronics goods are Vietnam's key trade products



Vietnam, Foreign Trade, Top Export By Commodity (Latest: Jun 2024)

Last release: 29 Jun 2024 Vietnamese General Statistics Office	Monthly, USD, billion	Latest Jun 2024	%y/y	1M ago USD bn	12M ago USD bn
Computers, Electric Products & Parts	5.9	5.9	16.5	5.9	5.1
Telephones, Mobile Phones & Spare Parts	4.8	4.8	19.7	4.4	4.0
Machines/Equipments/Tools/Instruments	4.2	4.2	29.2	3.8	3.2
Textiles & Garments	3.1	3.1	1.3	2.7	3.1
Footwear	2.2	2.2	24.7	2.0	1.8
Wood & Wooden Products	1.3	1.3	14.6	1.3	1.1
Other Means of Transportation & Spare Parts	1.1	1.1	-6.2	1.3	1.2
Fishery Products	0.8	0.8	5.4	0.8	0.8
Vegetables & Fruits	0.8	0.8	17.8	0.7	0.7
Iron & Steel	0.6	0.6	-21.8	0.6	0.8

■ Latest ● 12M ago

Source: Global Economics & Markets Research

Vietnam, Foreign Trade, Top Export By Commodity, YTD Jun 2024

Last release: 29 Jun 2024 Vietnamese General Statistics Office	Monthly YTD, USD, billion	YTD Jun 2024	y/y %	1M ago USD bn	12M ago USD bn
Computers, Electric Products & Parts	33.3	30.2	27.4	25.6	
Telephones, Mobile Phones & Spare Parts	27.4	13.1	22.6	24.2	
Machines/Equipments/Tools/Instruments	22.6	14.9	18.5	19.7	
Textiles & Garments	16.2	3.4	13.1	15.7	
Footwear	10.8	10.5	8.6	9.8	
Wood & Wooden Products	7.4	22.1	6.1	6.1	
Other Means of Transportation & Spare Parts	7.1	7.4	6.0	6.7	
Iron & Steel	4.5	3.9	3.8	4.3	
Fishery Products	4.3	3.9	3.5	4.2	
Vegetables & Fruits	3.4	25.1	2.6	2.7	

■ YTD ● 12M ago

Source: Global Economics & Markets Research

Vietnam, Foreign Trade, Top Import By Commodity

Data: Vietnamese General Statistics Office	USD, billion	Latest USD bn	%y/y	1M ago USD bn	12M ago USD bn
Electronic, Computer & Spare Parts	8.6	8.6	25.6	8.6	6.8
Electronic Goods, Computers & Their Parts	6.8	6.8	8.4	6.8	6.3
Machines/Equipments/Tools/Instruments	3.9	3.9	13.4	4.4	3.4
Textile Fabrics	1.2	1.2	2.7	1.2	1.2
Fabrics	1.2	1.2	10.5	1.6	1.1
Plastic in Primary Form	1.0	1.0	5.3	1.0	1.0
Iron, Steel	1.0	1.0	3.4	1.0	1.0
Iron & Steel	0.9	0.9	5.8	1.2	0.8
Plastics	0.9	0.9	5.6	1.1	0.8
Other Base Metals	0.8	0.8	46.1	0.9	0.5

■ Latest ● 12M ago

Source: Global Economics & Markets Research

Vietnam, Foreign Trade, Top Import By Commodity, YTD

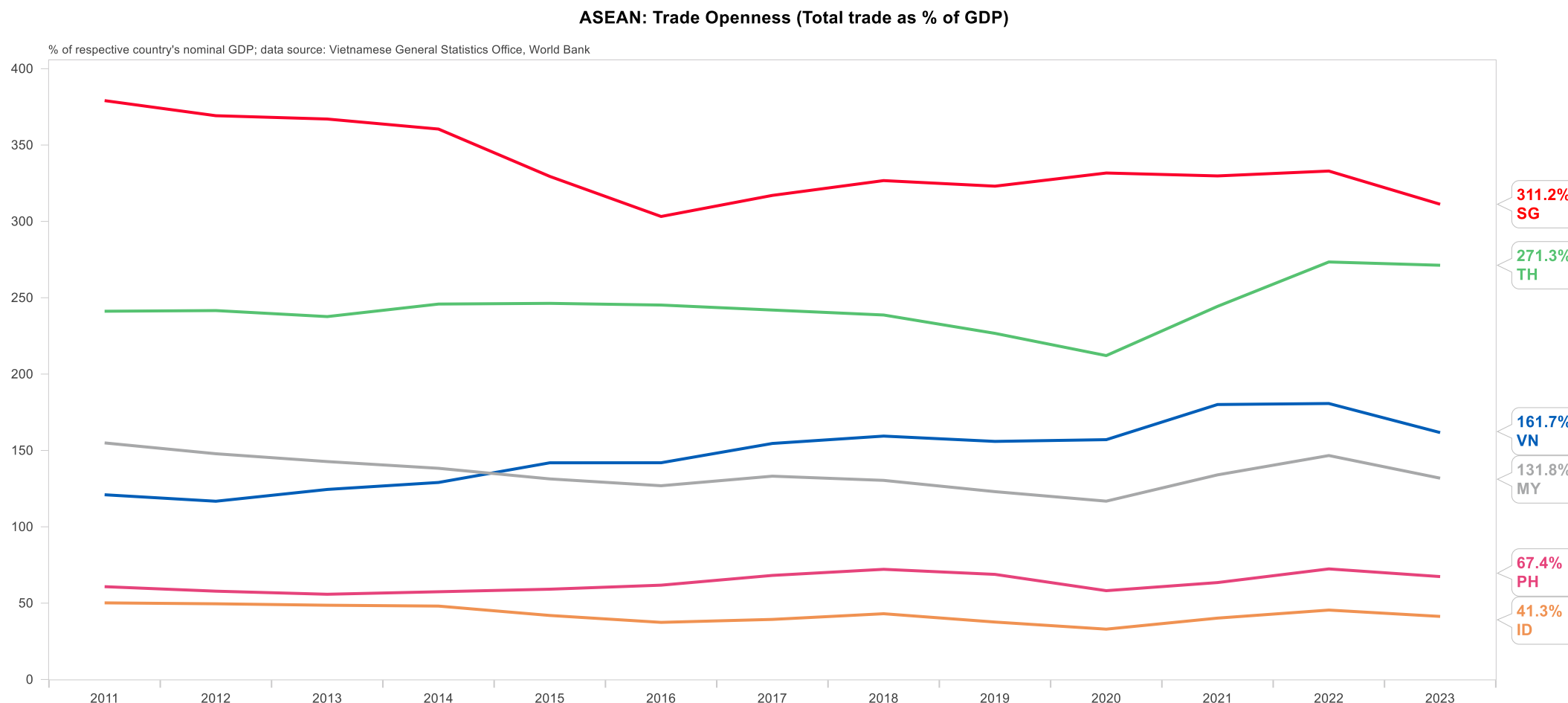
Data: Vietnamese General Statistics Office	YTD, USD, billion	YTD USD bn	y/y %	1M ago USD bn	12M ago USD bn
Electronic, Computer & Spare Parts	48.8	27.2	40.3	38.4	
Machines/Equipments/Tools/Instruments	22.4	14.9	18.5	19.5	
Fabrics	7.2	12.9	6.0	6.4	
Electronic Goods, Computers & Their Parts	6.8	8.4	6.8	6.3	
Iron & Steel	5.9	24.3	5.0	4.8	
Petroleum Products	4.6	10.4	3.9	4.2	
Other Base Metals	4.4	19.1	3.6	3.7	
Automobiles	3.6	-2.3	2.9	3.7	
Textile Fabrics	1.2	2.7	1.2	1.2	
Fishery Products	1.2	-6.2	1.0	1.3	

■ YTD ● 12M ago

Source: Global Economics & Markets Research

Vietnam: External trade

High degree of trade openness means greater vulnerability when external demand is weak



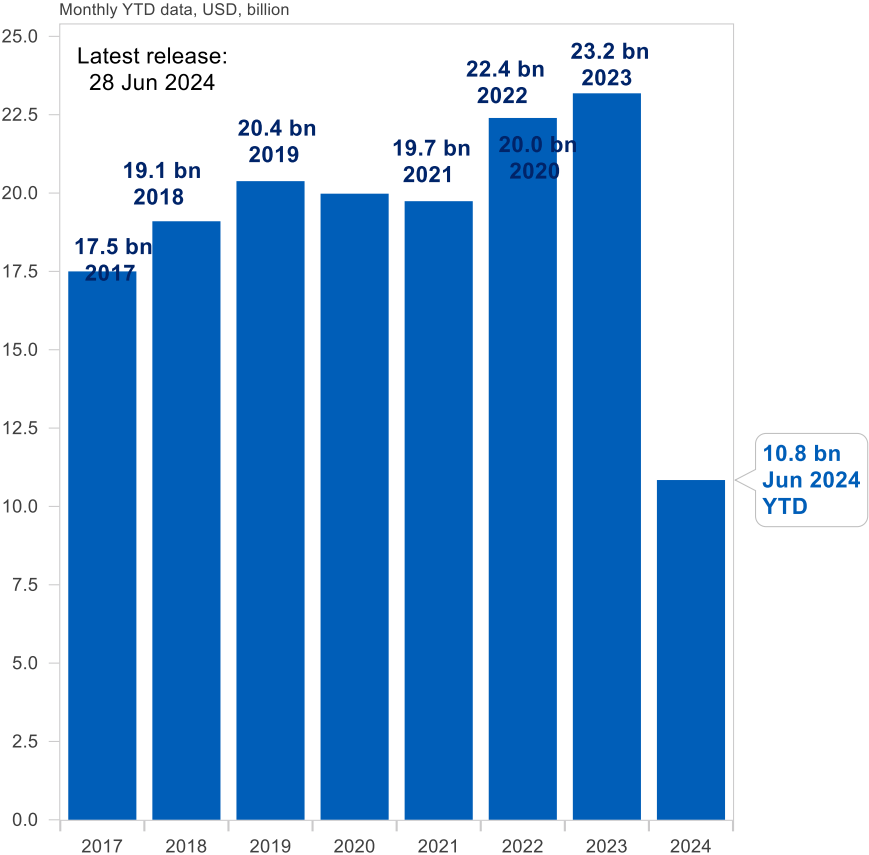
Source: Macrobond, UOB Global Economics & Markets Research

Vietnam: Foreign Direct Investment (FDI)



FDI inflows continued in 1H24 as positive long-term prospects continue to attract investors

Vietnam, Foreign Direct Investment (Realized Capital)



Source: Macrobond, UOB Global Economics & Markets Research

Vietnam, FDI, Registered Capital Top Sources (YTD Aggregate)

Vietnam GSO Last: 28 Jun 2024	USD, billion	Latest Jun YTD	% y/y	1Y ago Jun YTD
	0 2.5 5 7.5 10 12.5 15 17.5			
Registered Capital, Total		15.2	13.1	13.4
Singapore		5.6	86.0	3.0
Japan		1.7	-21.6	2.2
Hong Kong		1.7	83.8	0.9
Korea		1.4	15.8	1.2
China		1.3	-33.5	2.0
Taiwan		1.1	17.5	0.9
Turkey		0.8	317.3	0.2
Samoa		0.5	40.7	0.3
British Virgin Islands		0.2	89.2	0.1
Netherlands		0.1	-80.4	0.6

■ Latest

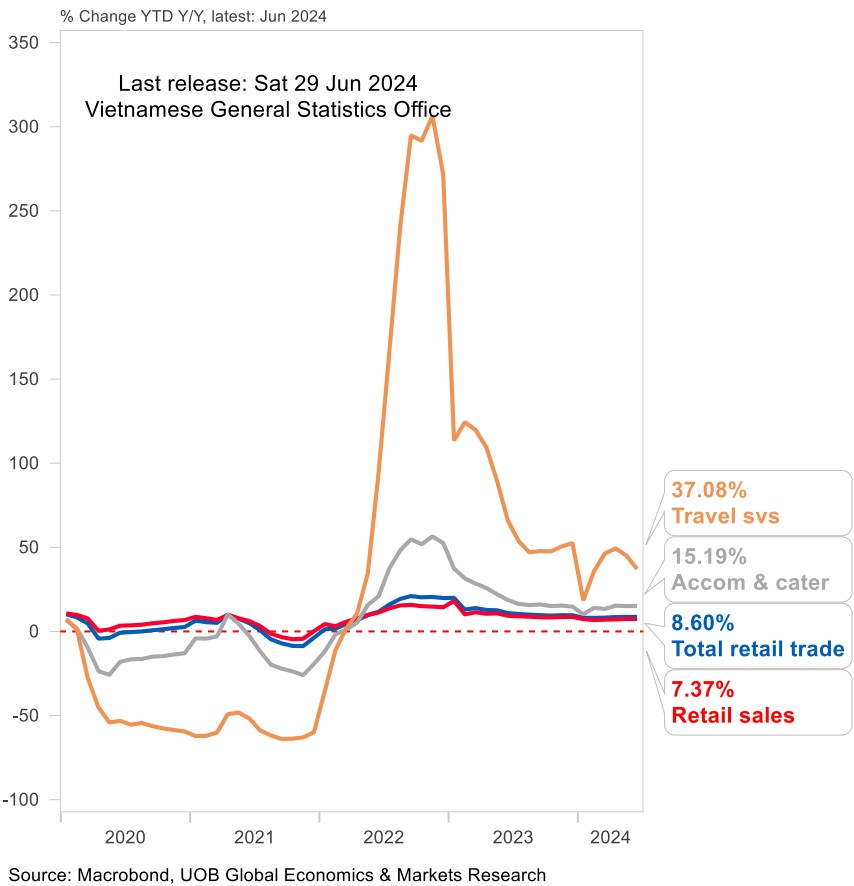
Source: Global Economics & Markets Research

Vietnam: Retail sales



Benefitting from return of visitors after borders reopened; 18 mn visitors for 2024 look attainable

Vietnam, Retail Trade by sectors, % Change YTD Y/Y



Vietnam: Main Sources of Tourism & Transport Arrivals, YTD

Last release: 29 Jun 2024	No. of Persons, million								Latest YTD Jun 2024	1Y ago Jun YTD	2021 mn	2019 mn
	0	1	2	3	4	5	6	7	8			
Total int'l arrivals	<div><div></div></div>								8.83	5.57	0.16	18.01
South Korea	<div><div></div></div>								2.28	1.60	0.03	4.29
China	<div><div></div></div>								1.89	0.56	0.06	5.81
Taiwan	<div><div></div></div>								0.63	0.32	0.01	0.93
United States	<div><div></div></div>								0.42	0.37	0.00	0.75
Japan	<div><div></div></div>								0.34	0.24	0.01	0.95
Malaysia	<div><div></div></div>								0.25	0.23	0.00	0.61
Australia	<div><div></div></div>								0.24	0.18	0.00	0.38
Cambodia	<div><div></div></div>								0.23	0.20	0.00	0.20
Thailand	<div><div></div></div>								0.23	0.27	0.00	0.51

■ Latest YTD ● 1Y ago

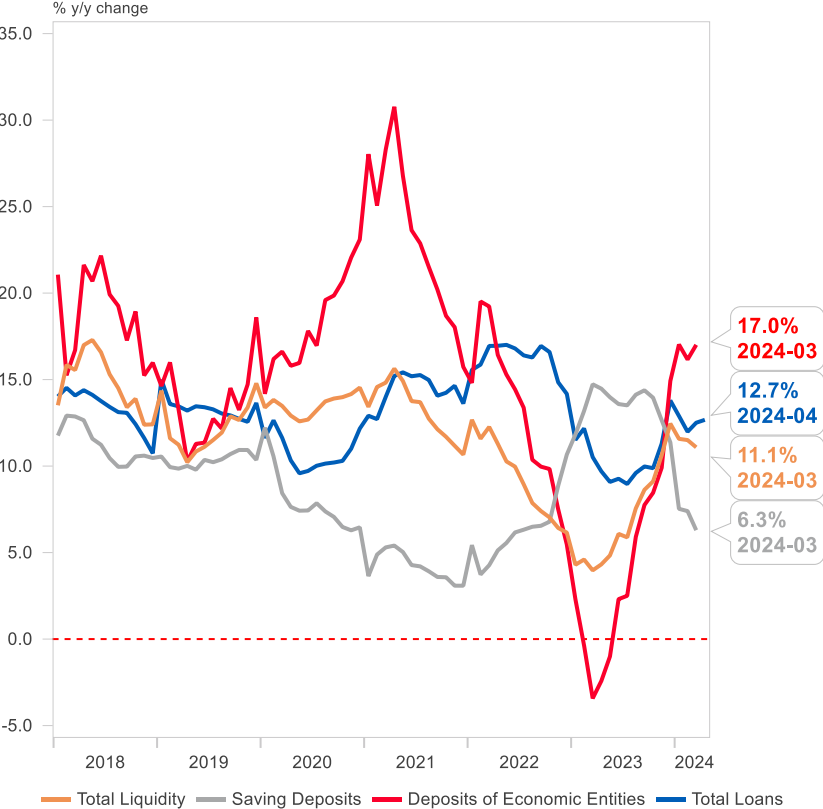
Source: Global Economics & Markets Research

Vietnam: Liquidity conditions and credit demand












Resurgence in both deposits and loans after the slump in early 2023 as activities improve

Vietnam: Deposits and Loans Trends



Source: Macrobond, UOB Global Economics & Markets Research

Vietnam: Loans By Sector, % y/y change

Source: State Bank of Vietnam Last released: 2024-06-21		% y/y change										Latest	1M ago	12m ago	2023	2022	2019	
		-2.5	0.0	2.5	5.0	7.5	10.0	12.5	15.0	17.5	20.0	Apr 2024						
Total													12.7	12.5	9.7	13.8	14.2	13.6
Agri, Forestry & Fishery													6.1	6.5	4.1	7.0	7.9	7.4
Industry & Construction													11.4	11.1	5.9	12.1	7.9	10.7
Industry													13.4	12.9	2.9	12.6	6.1	8.8
Construction													7.2	7.2	12.8	10.9	11.9	14.5
Trade, Transport & Telecom													17.9	18.0	11.2	19.8	14.3	16.0
Trade													18.0	18.2	12.5	20.0	15.8	17.9
Transport & Telecom													16.6	15.8	-1.2	18.5	-0.1	2.8
Other Activities													11.2	10.9	12.4	12.2	19.9	16.0

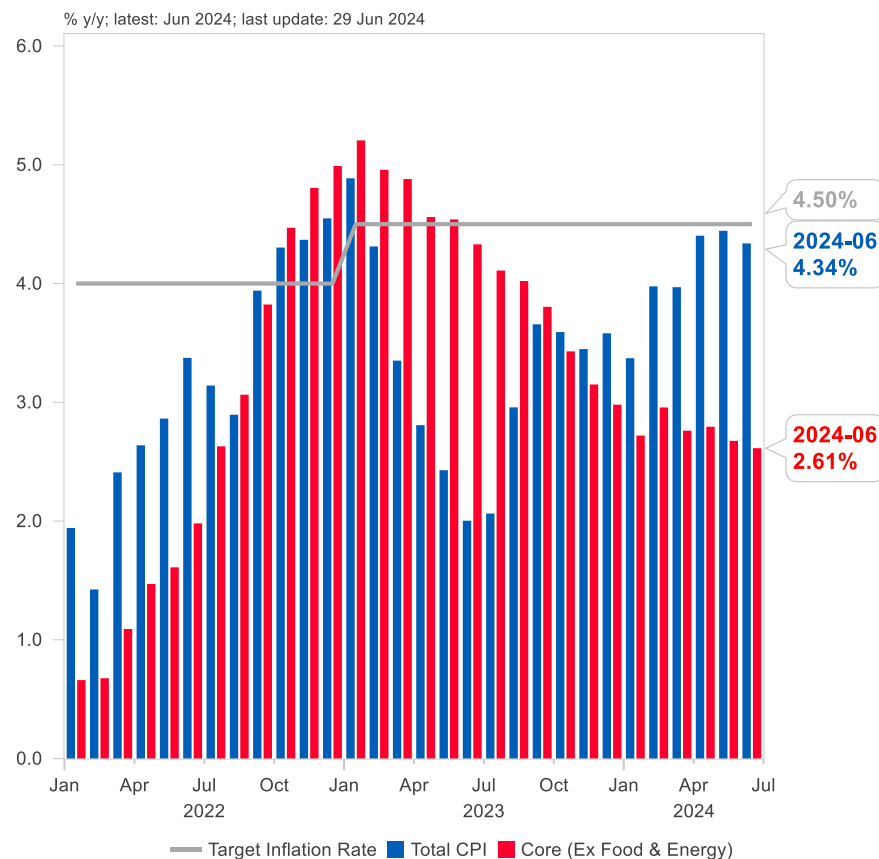
Legend: Latest (blue bar), 12m ago (red dot)

Source: Macrobond, Global Economics & Markets Research

Vietnam: Inflation (forecast: 3.8%; 2023: 3.3%)

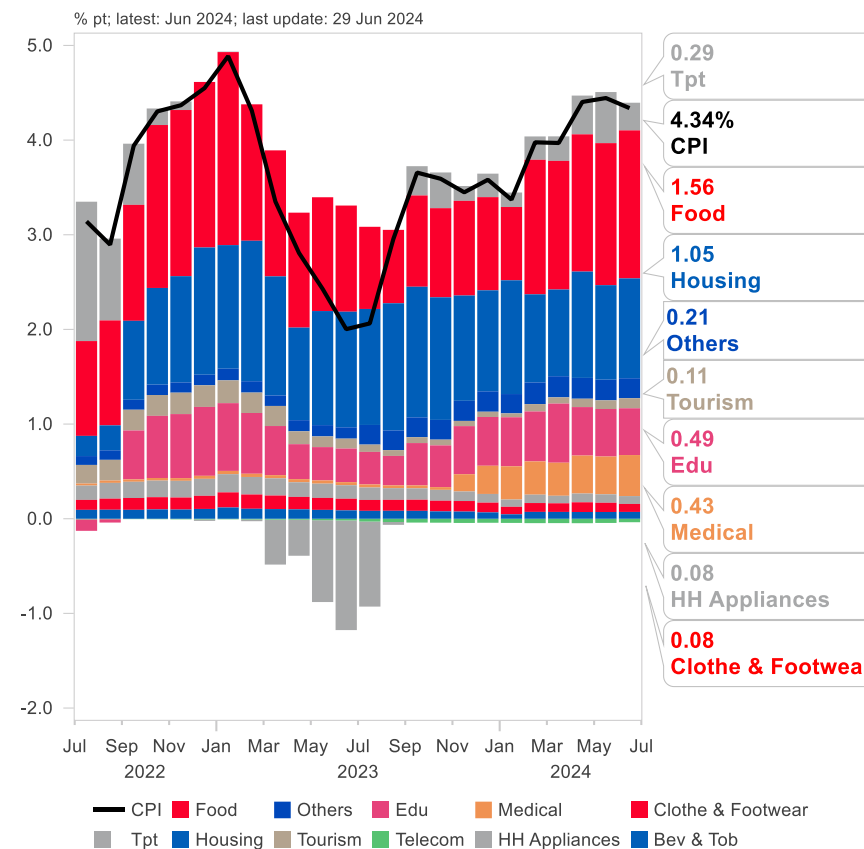
Stronger inflation due to housing and food costs; limiting room for SBV to ease policy

Vietnam, Consumer Price Index, Monthly



Source: Macrobond, UOB Global Economics & Markets Research

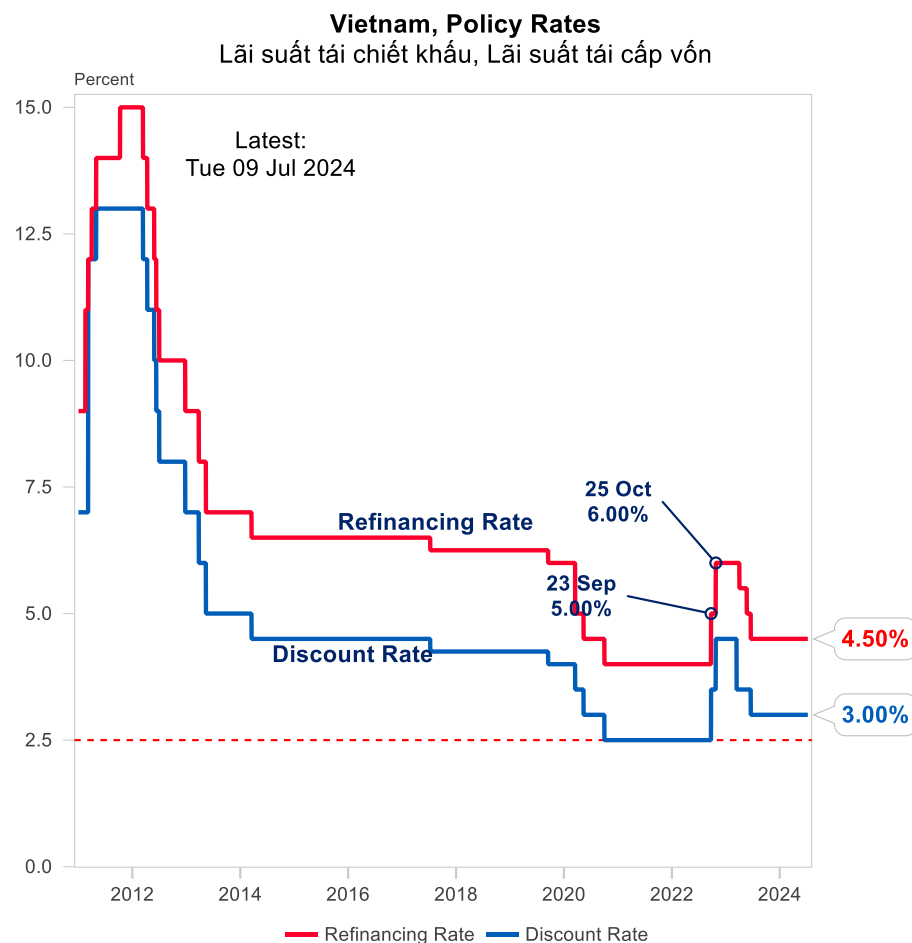
Vietnam: Contributions to Inflation (latest: Jun 2024)



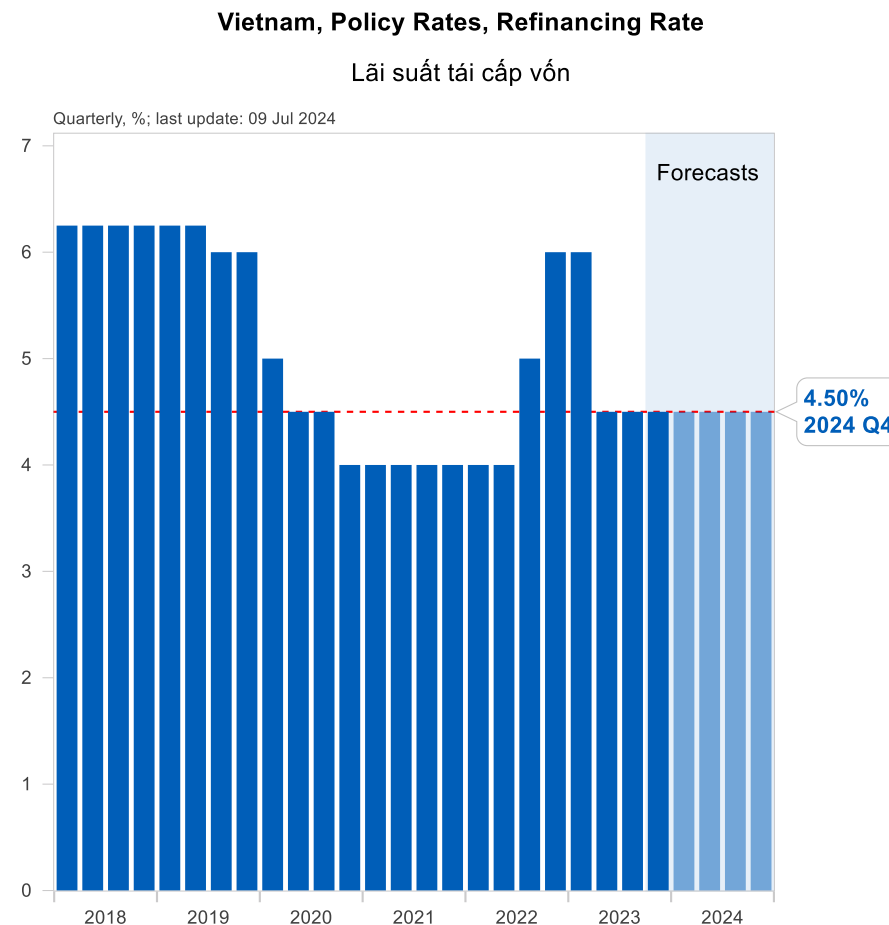
Source: Macrobond, UOB Global Economics & Markets Research

Vietnam: Inflation and SBV rate trend

Keeping an eye on inflation and FX pressures, SBV to hold monetary policy steady for now

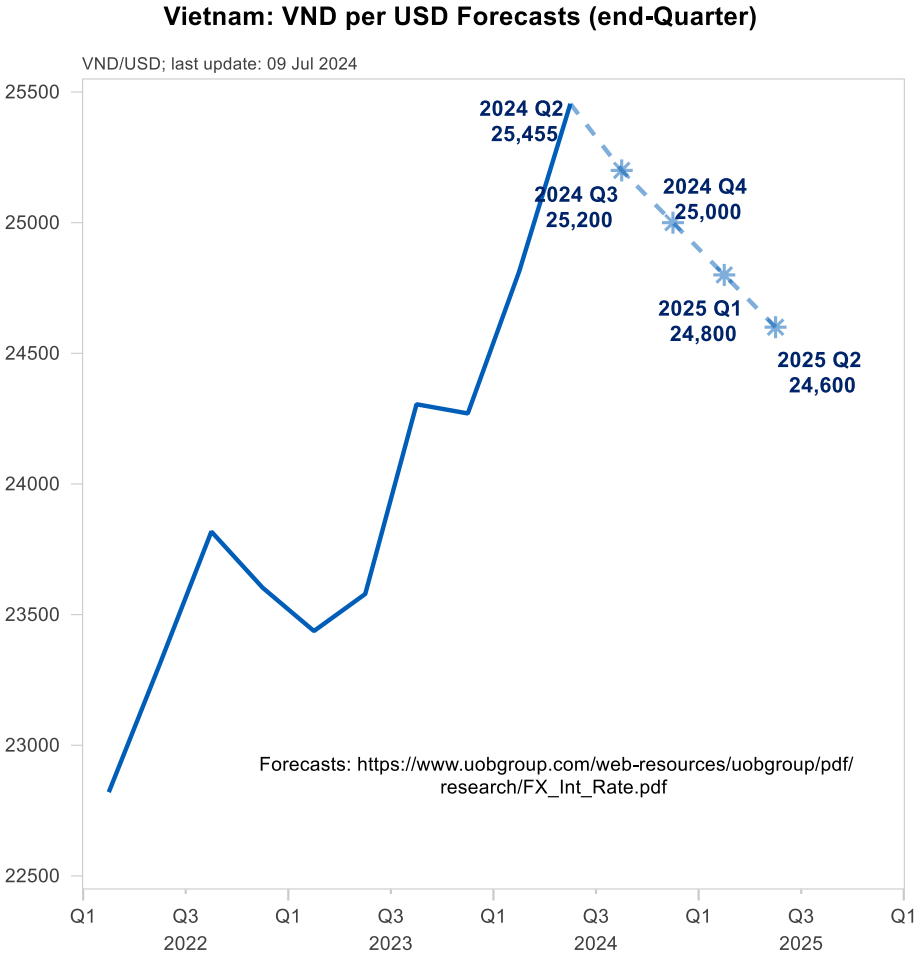


Source: Macrobond, UOB Global Economics & Markets Research

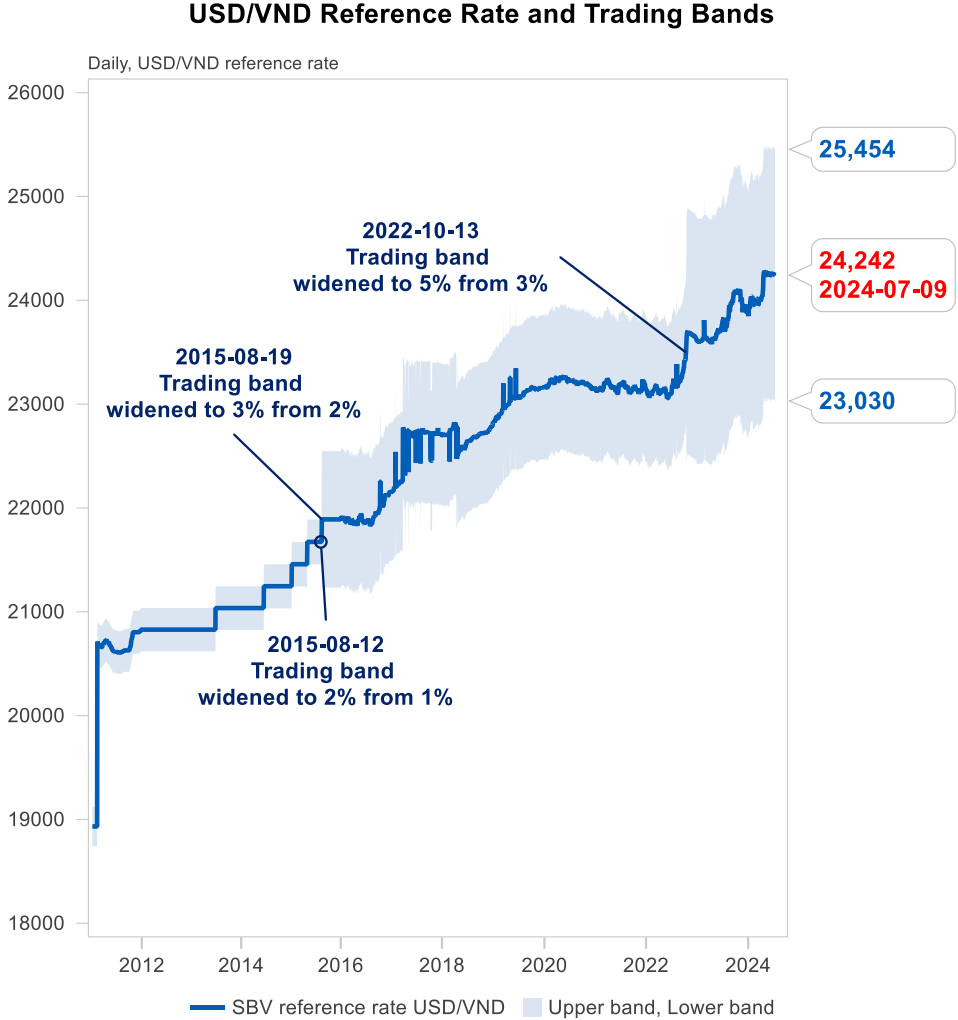


Source: Macrobond, UOB Global Economics & Markets Research

Vietnam: FX trend and forecasts – weaker USD ahead?

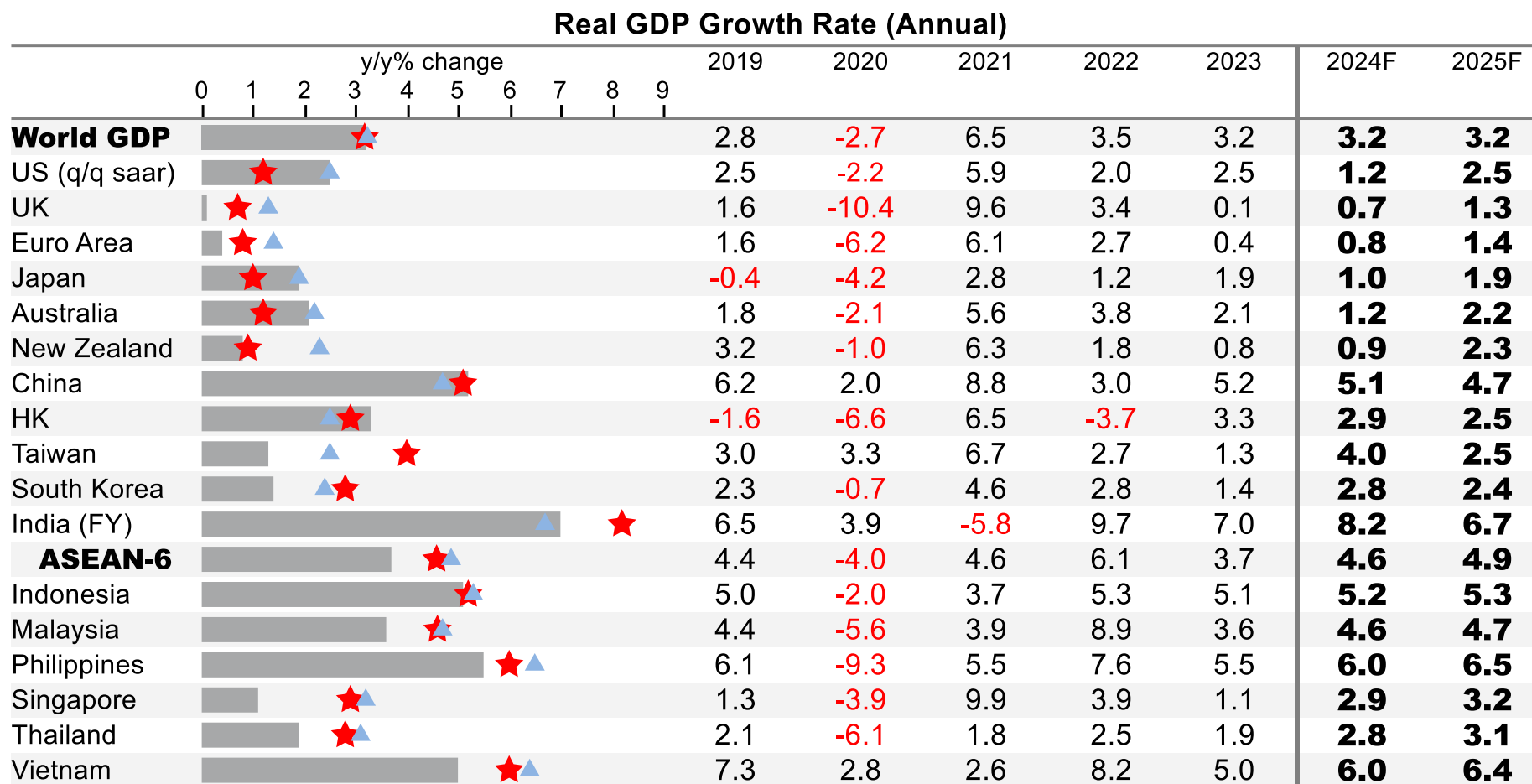


Source: Macrobond, UOB Global Economics & Markets Research



Growth forecasts

Steady growth in 2024 across Asia, with potential risks of (mild) recessions in US and Europe ...



Printed on: Tue 09 Jul 2024, 11:56 PM

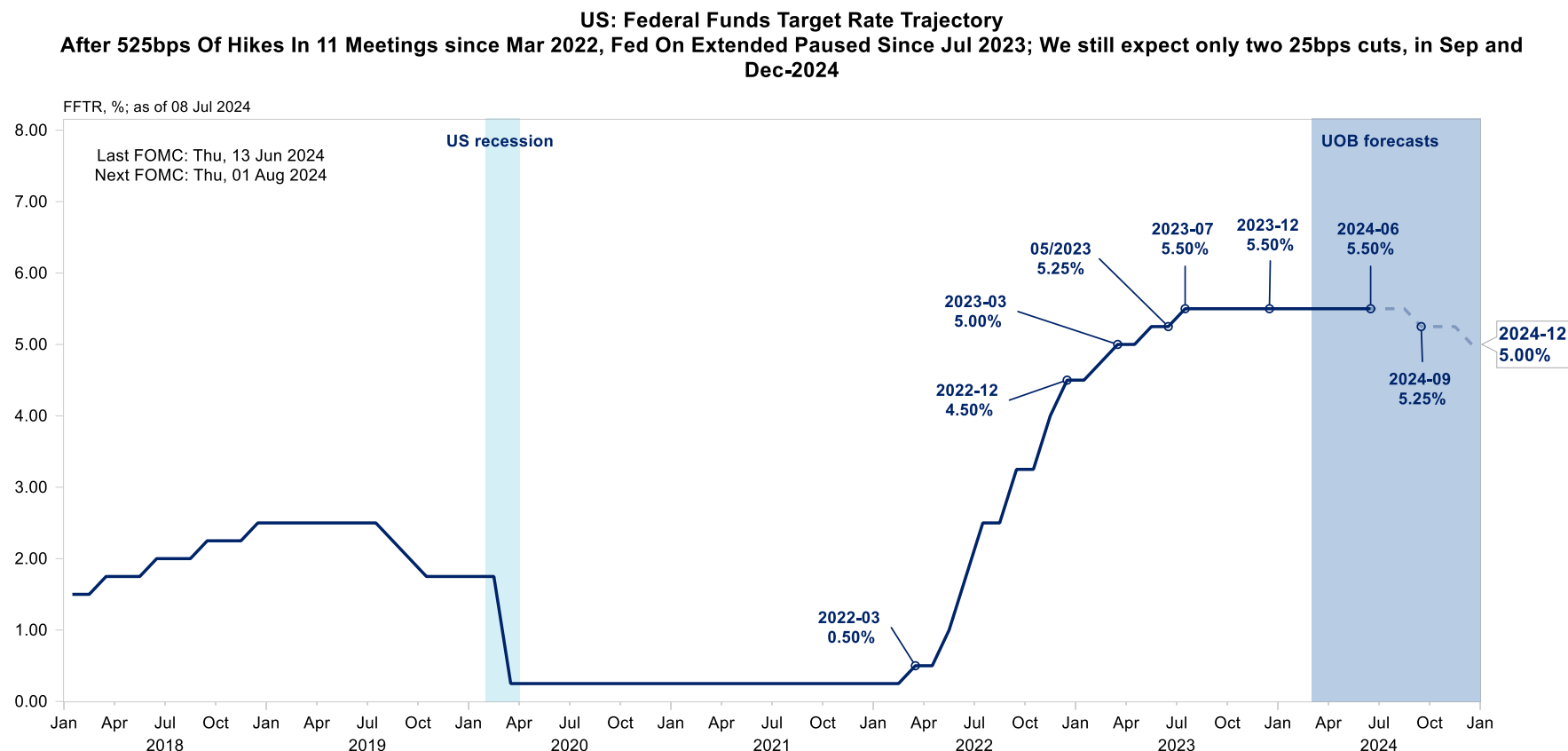
■ 2023 ★ 2024F ▲ 2025F

Source: Macrobond, Global Economics & Markets Research

US Fed policy outlook

US Fed: Rate cuts to start from Sep, 2x in 2024

Price-growth mandate vs financial stability: Fed's policy choices



For further details: US Jun 2024 FOMC: Less rate cuts implied by Dotplot for 2024

https://www.uobgroup.com/assets/web-resources/research/pdf/MN_240613A.pdf

US Fed: : Rate cuts to start from Sep, 2x in 2024

Looking forward: What are the odds? What to watch reading these numbers?

US Fed Funds Rate: Futures Implied Probabilities (CME Group)
Current Fed funds rate: 5.25-5.50%

Meeting	Fwd. rate	3.25-3.50	3.50-3.75	3.75-4.00	4.00-4.25	4.25-4.50	4.50-4.75	4.75-5.00	5.00-5.25	5.25-5.50	5.50-5.75
2024-07-31	5.33 %								6.2 %	93.8 %	
2024-09-18	5.32 %							4.6 %	71.0 %	24.4 %	
2024-11-07	5.14 %						2.0 %	33.5 %	50.7 %	13.8 %	
2024-12-18	5.06 %					1.5 %	26.0 %	46.6 %	22.6 %	3.3 %	
2025-01-29	4.83 %				1.0 %	17.3 %	39.3 %	31.2 %	10.2 %	1.2 %	
2025-03-19	4.68 %			0.7 %	12.8 %	33.2 %	33.4 %	16.0 %	3.7 %	0.3 %	
2025-04-30	4.50 %		0.4 %	6.7 %	22.9 %	33.3 %	24.7 %	9.9 %	2.0 %	0.2 %	

Data source: CME Group, Macrobond; last update: Wed, 10 Jul 2024, 09:07

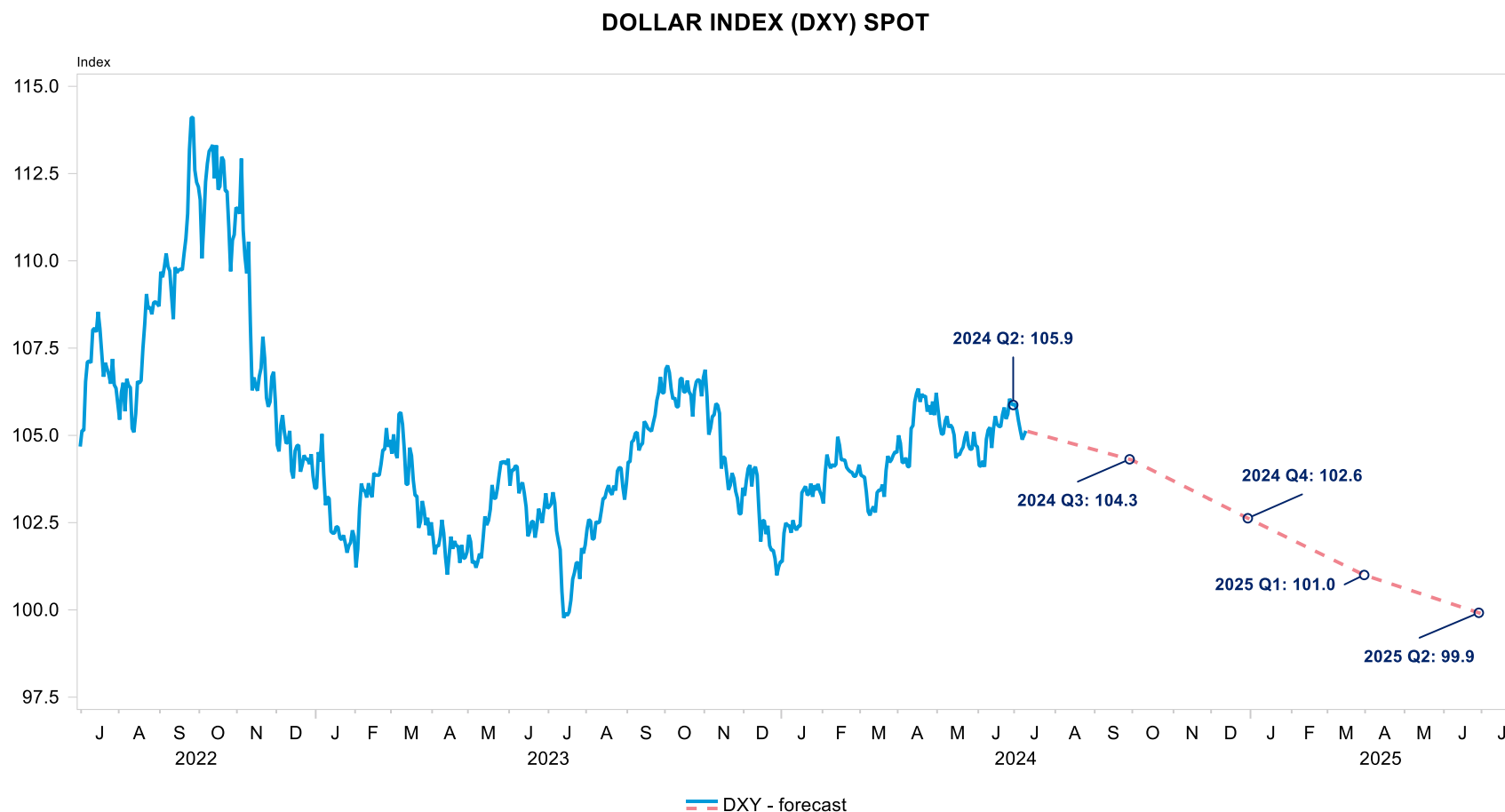
Source: CME Fedwatch <https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>

Fed's implications to US dollar trend

USD: Recent strength due to inflation and EUR/USD weakness



Still expects USD to weaken anew in 2H24



Source: Macrobond, UOB Global Economics & Markets Research

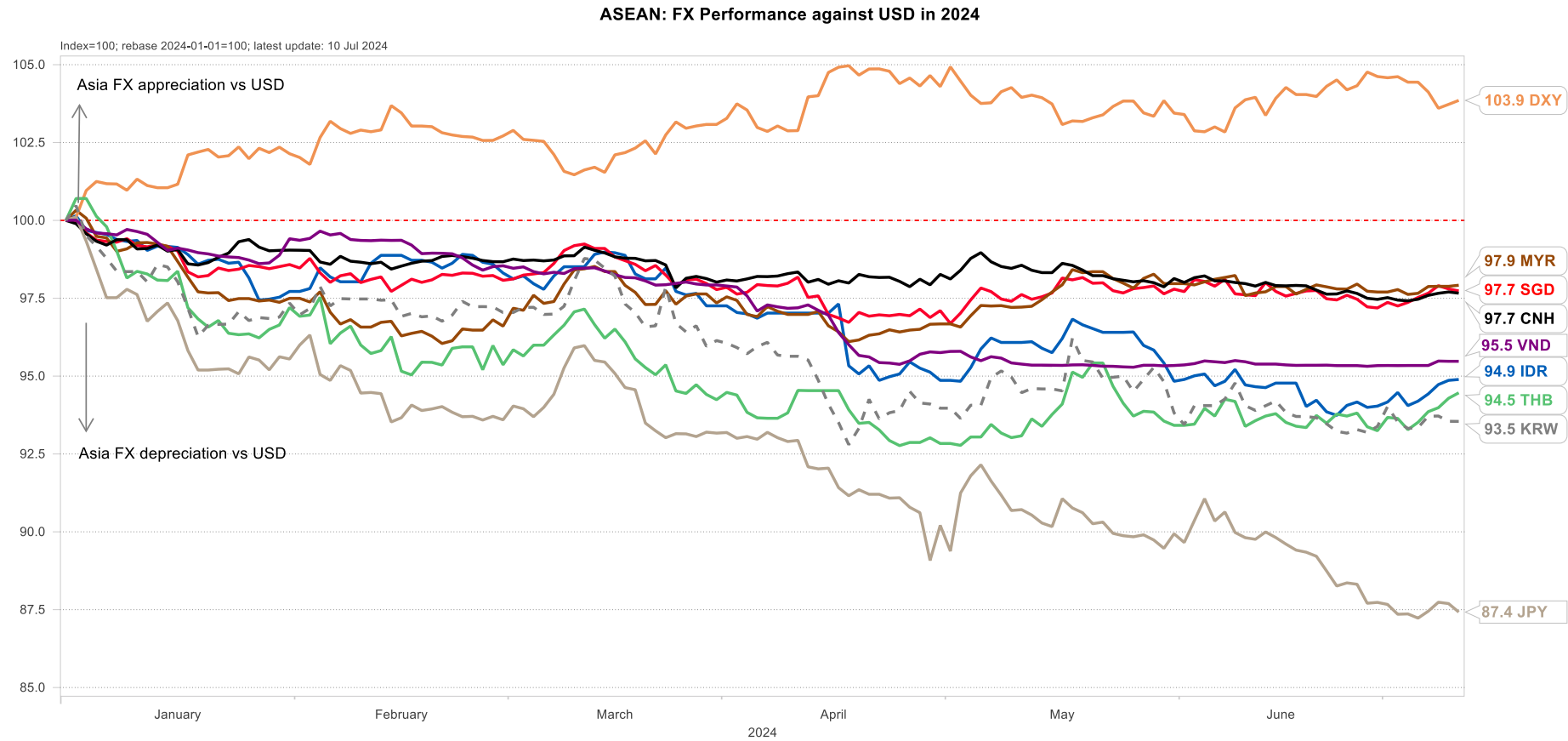
For further details: Monthly FX and Rates Strategy - Key risks for second half of 2024, 5 July 2024

https://www.uobgroup.com/assets/web-resources/research/pdf/FXRM_240705.pdf

USD/Asia may have peaked

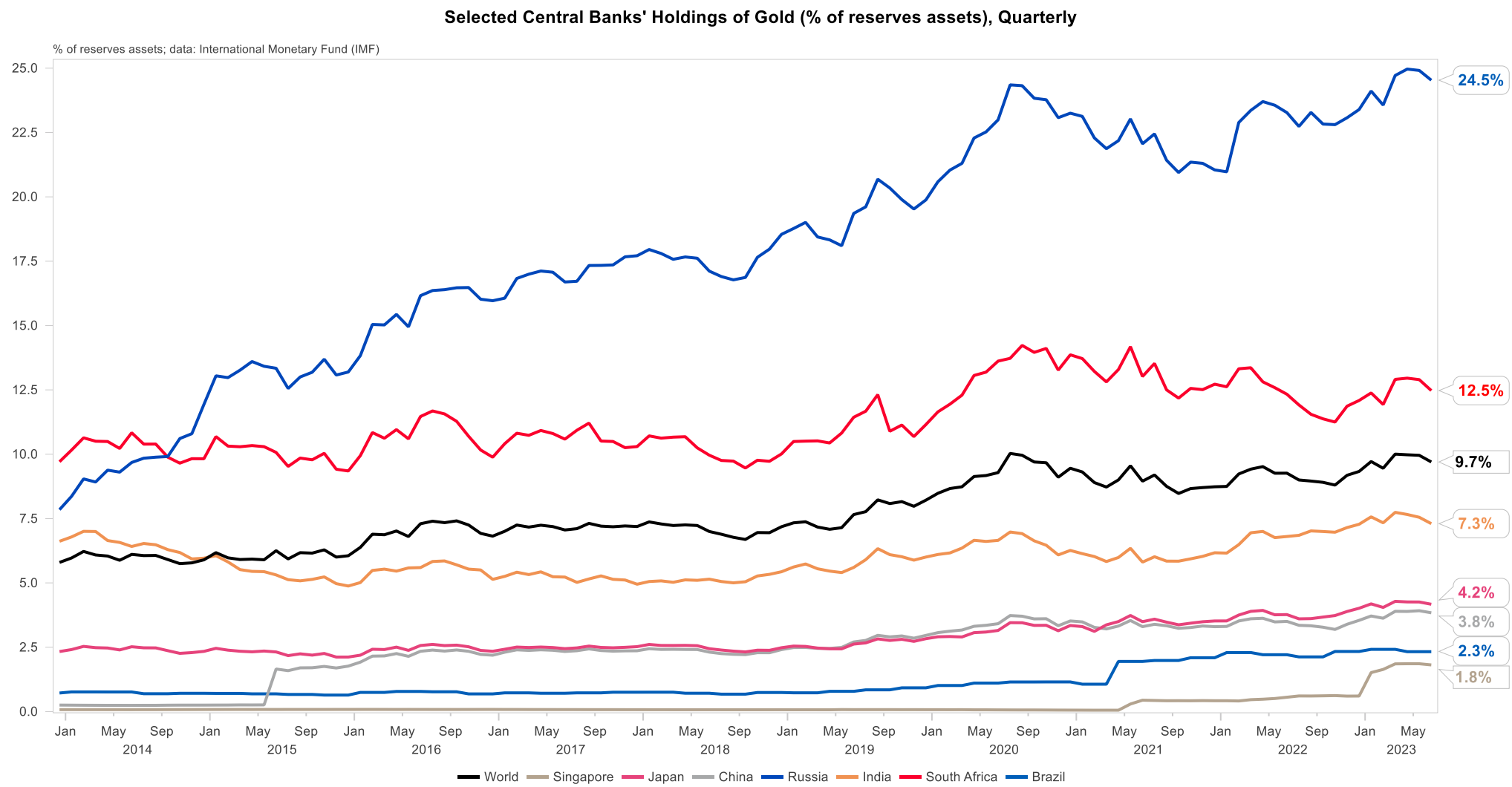


USD strength to fizzle off only in 2H24



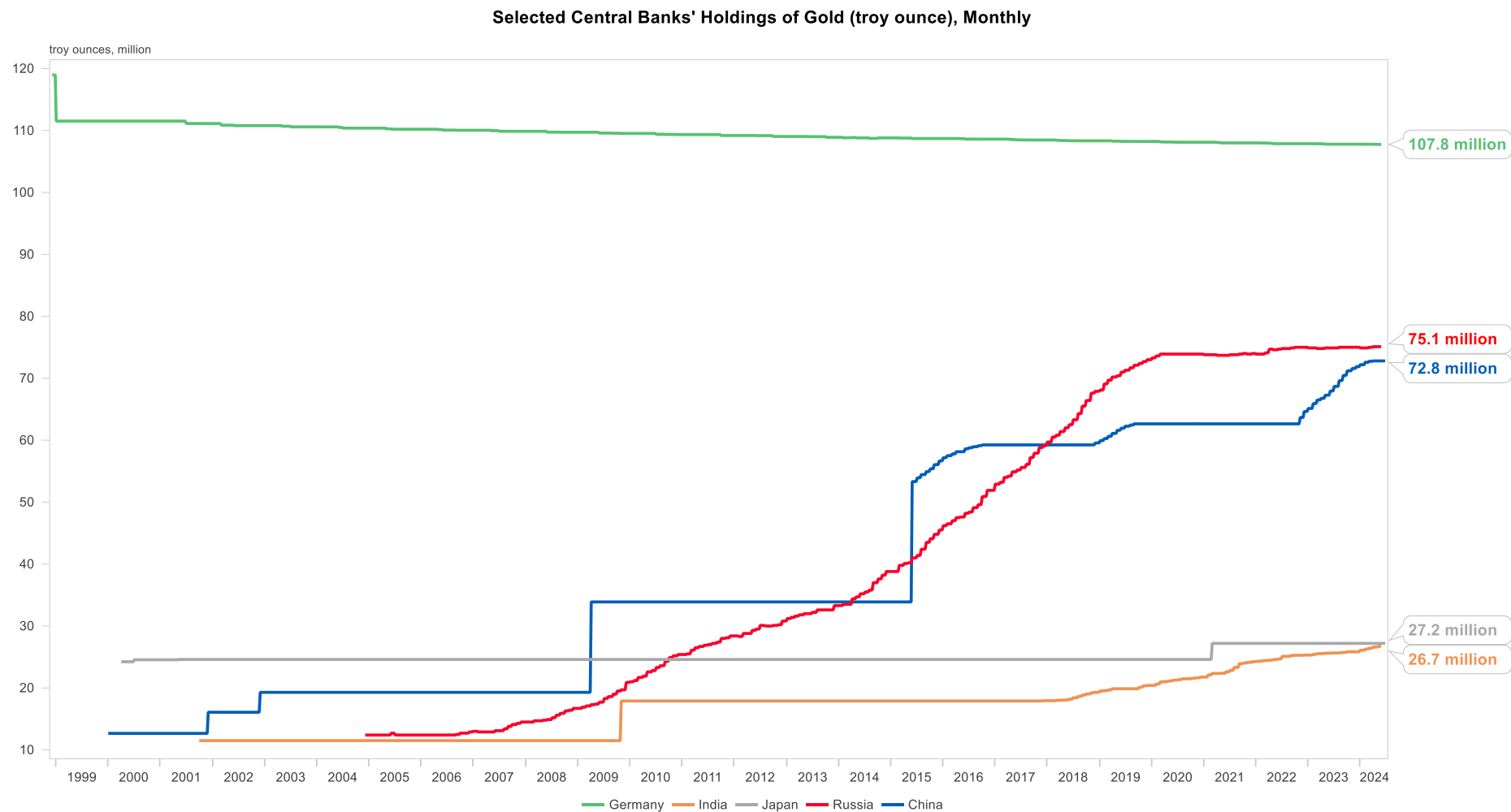
For further details: Monthly FX and Rates Strategy - Key risks for second half of 2024, 5 July 2024
https://www.uobgroup.com/assets/web-resources/research/pdf/FXRM_240705.pdf

Rising share of gold in reserves due to geopol events and cenbank buy



Source: Macrobond, UOB Global Economics & Markets Research

Central banks' holdings of gold increase significantly



Gold: Lifting our positive forecast further to USD 2,700/oz by 2Q25



China's strong buying of gold for central bank reserves is a key positive driver

Source: Bloomberg, UOB Global Economics & Markets Research



Decline in gold ETF holdings imply that institutional investors have yet to join the gold rally

Source: Bloomberg, UOB Global Economics & Markets Research



Contributed by Heng Koon How heng.koonhow@uobgroup.com

Gold: Lifting our positive forecast further to USD 2,700 / oz by 2Q25

https://www.uobgroup.com/assets/web-resources/research/pdf/QF-CS_3q24.pdf

FX, rates and commodities forecasts

FX	04 Jul	3Q24F	4Q24F	1Q25F	2Q25F
USD/JPY*	161	158	155	152	149
EUR/USD*	1.08	1.09	1.11	1.13	1.14
GBP/USD*	1.28	1.29	1.31	1.33	1.35
AUD/USD	0.67	0.68	0.69	0.70	0.71
NZD/USD*	0.61	0.62	0.63	0.64	0.64
DXV*	105.09	104.3	102.6	101.0	99.9
USD/CNY*	7.27	7.23	7.16	7.08	7.00
USD/HKD	7.81	7.80	7.80	7.80	7.80
USD/TWD	32.46	32.0	31.5	31.0	30.5
USD/KRW	1,378	1,350	1,330	1,310	1,290
USD/PHP	58.54	58.0	57.5	57.0	56.5
USD/MYR	4.71	4.65	4.60	4.55	4.50
USD/IDR*	16,330	16,100	15,900	15,700	15,500
USD/THB*	36.59	36.0	35.6	35.2	34.8
USD/VND	25,453	25,200	25,000	24,800	24,600
USD/INR	83.50	83.0	82.0	81.0	80.5
USD/SGD	1.35	1.34	1.33	1.32	1.31
EUR/SGD*	1.46	1.46	1.48	1.49	1.49
GBP/SGD*	1.72	1.73	1.74	1.76	1.77
AUD/SGD	0.91	0.91	0.92	0.92	0.93
SGD/MYR	3.49	3.47	3.46	3.45	3.44
SGD/CNY*	5.38	5.40	5.38	5.36	5.34
JPY/SGDx100*	0.84	0.85	0.86	0.87	0.88

POLICY RATES	04 Jul	3Q24F	4Q24F	1Q25F	2Q25F
US Fed Funds Rate	5.50	5.25	5.00	4.75	4.50
JPY Policy Rate	0.10	0.10	0.25	0.25	0.25
EUR Refinancing Rate	4.25	4.00	3.75	3.50	3.25
GBP Repo Rate	5.25	5.00	4.75	4.50	4.25
AUD Official Cash Rate	4.35	4.35	4.00	3.75	3.50
NZD Official Cash Rate	5.50	5.50	5.25	5.00	4.75
CNY 1Y Loan Prime Rate	3.45	3.20	3.20	3.20	3.20
HKD Base Rate	5.75	5.50	5.25	5.00	4.75
TWD Official Discount Rate	2.00	2.00	2.00	2.00	2.00
KRW Base Rate	3.50	3.25	3.00	2.75	2.50
PHP O/N Reverse Repo	6.50	6.50	6.25	6.00	5.75
MYR O/N Policy Rate	3.00	3.00	3.00	3.00	3.00
IDR 7D Reverse Repo	6.25	6.25	6.25	5.75	5.50
THB 1D Repo	2.50	2.50	2.50	2.50	2.00
VND Refinancing Rate	4.50	4.50	4.50	4.50	4.50
INR Repo Rate	6.50	6.50	6.25	6.00	5.75

INTEREST RATES	04 Jul	3Q24F	4Q24F	1Q25F	2Q25F
USD 3M SOFR (compounded)*	5.35	5.21	4.97	4.72	4.47
SGD 3M SORA (compounded)*	3.63	3.54	3.35	3.15	2.96
10Y US Treasuries Yield	4.37	4.20	4.10	4.00	3.90
SGD 10Y SGS	3.24	3.20	3.15	3.10	3.00

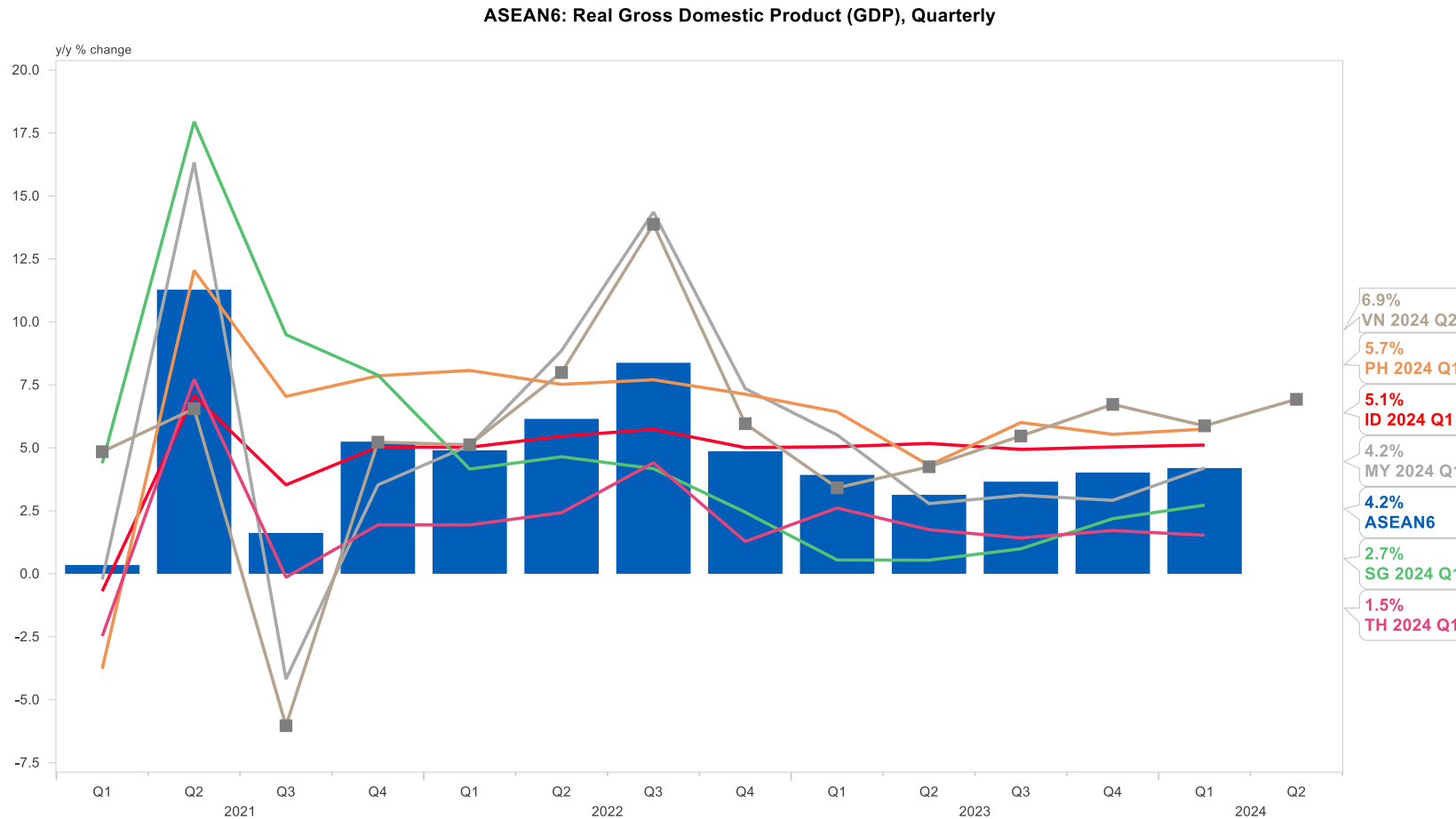
COMMODITIES	04 Jul	3Q24F	4Q24F	1Q25F	2Q25F
Gold (USD/oz)	2,359	2,400	2,500	2,600	2,700
Brent Crude Oil (USD/bbl)	88	85	85	90	90
Copper (USD/mt)	9,883	9,000	9,000	10,000	10,000

Source: https://www.uobgroup.com/web-resources/uobgroup/pdf/research/FX_Int_Rate.pdf

ASEAN: Recent trends and developments

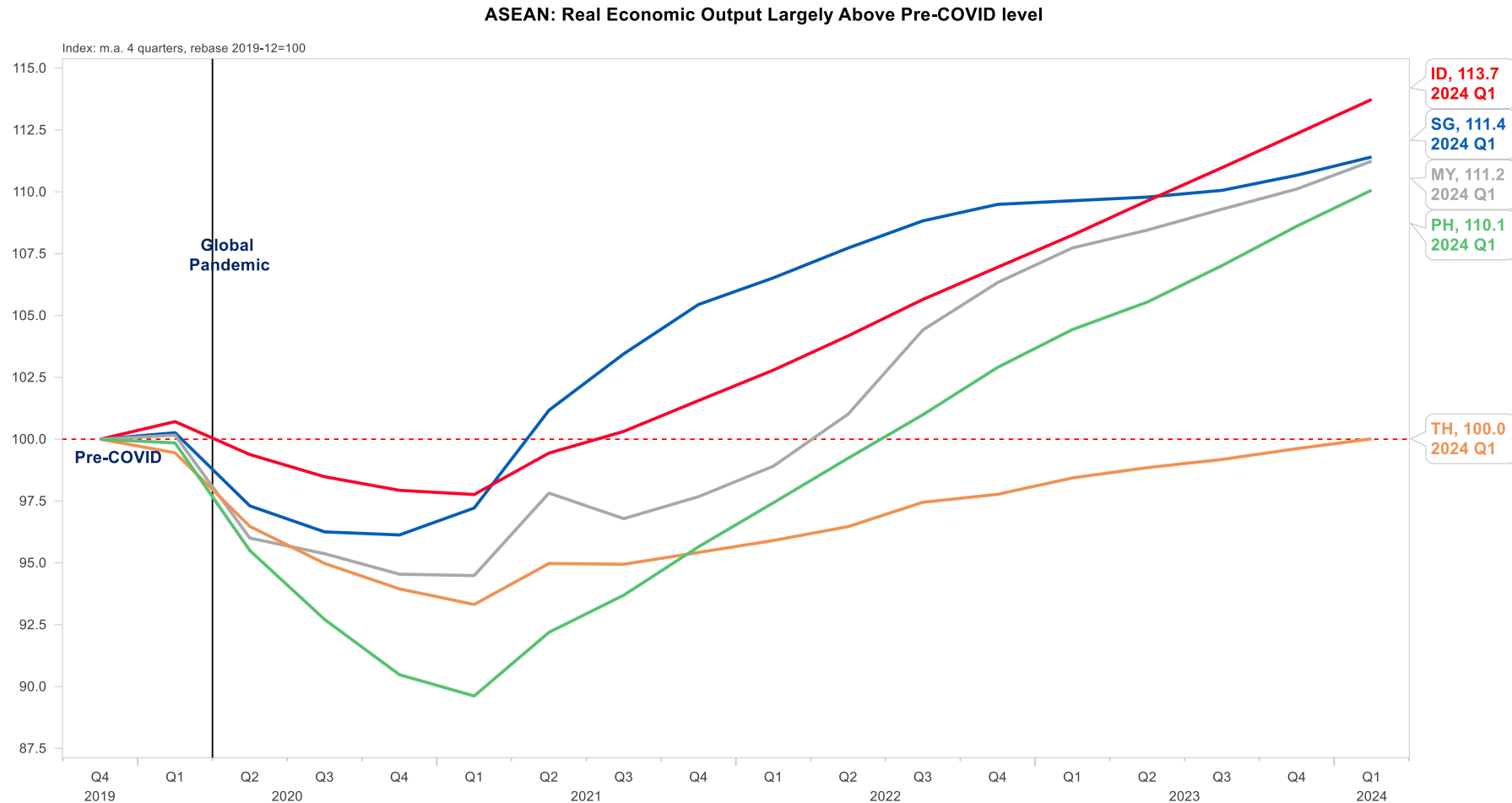
ASEAN: Key trends to watch

... upbeat GDP growth trend, heading towards 4.6% expansion in 2024



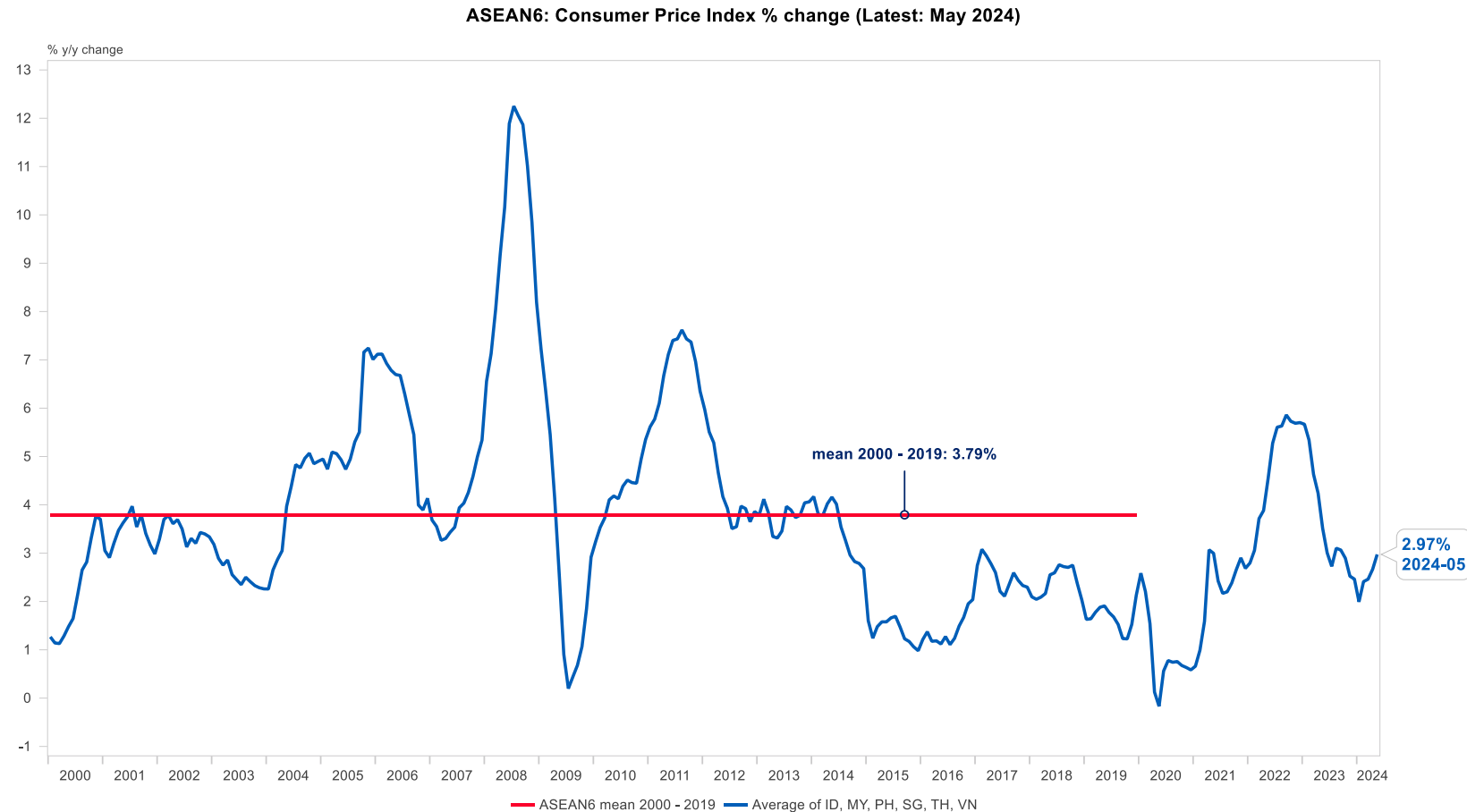
ASEAN: Key trends to watch

... Output levels are mostly back above pre-COVID levels ...



ASEAN: Key trends to watch

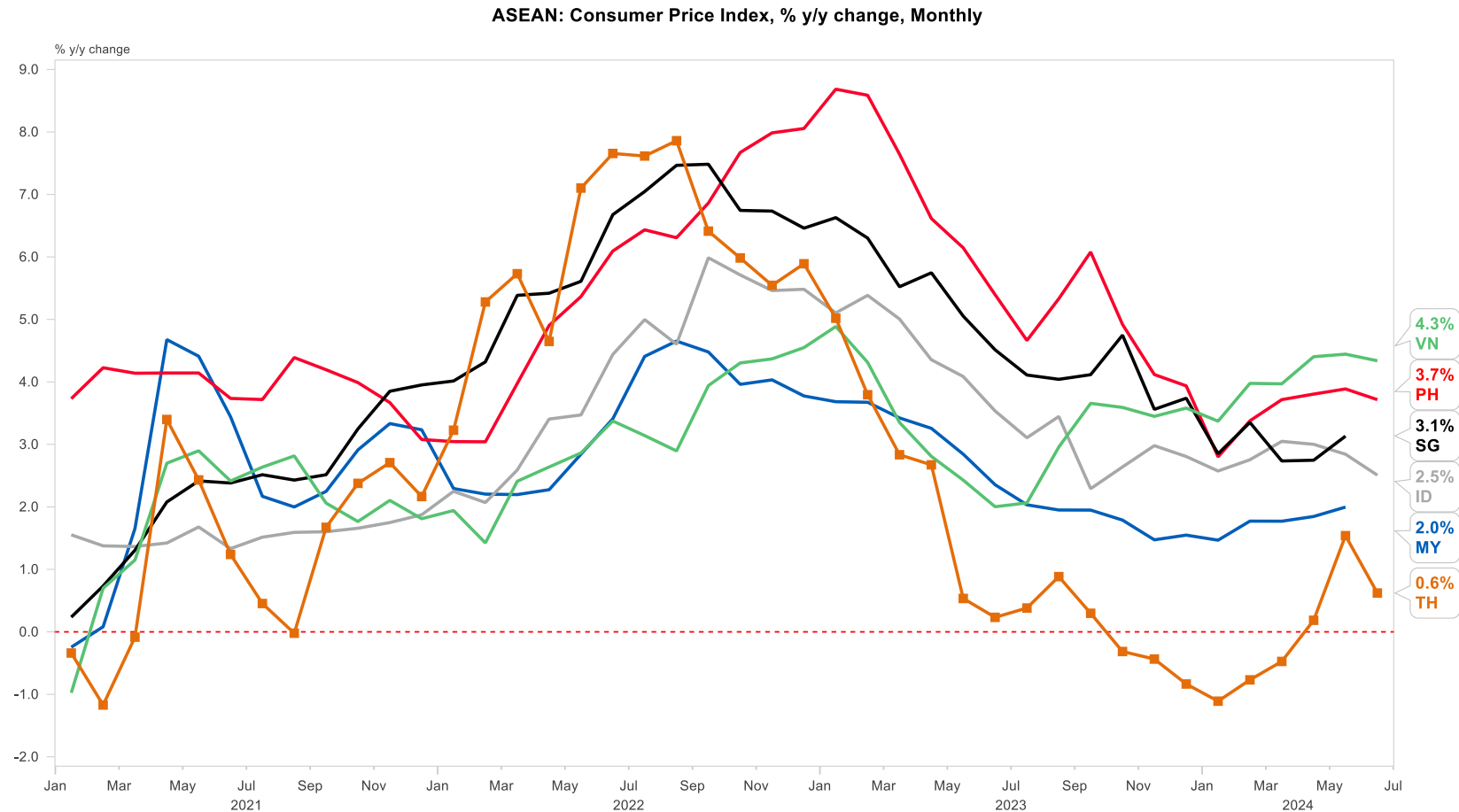
... inflation stabilizing below long-term average after the 2022/23 peak



Source: Macrobond, UOB Global Economics & Markets Research

ASEAN: Key trends to watch

... inflation pressures still present, especially for food and energy prices

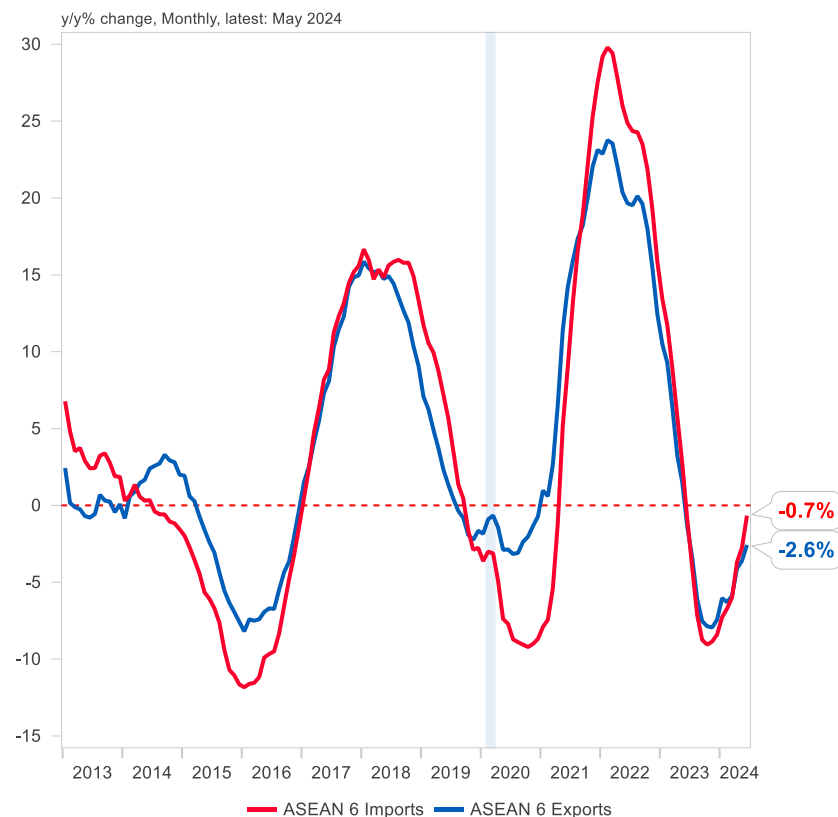


Source: Macrobond, UOB Global Economics & Markets Research

ASEAN: Key trends to watch

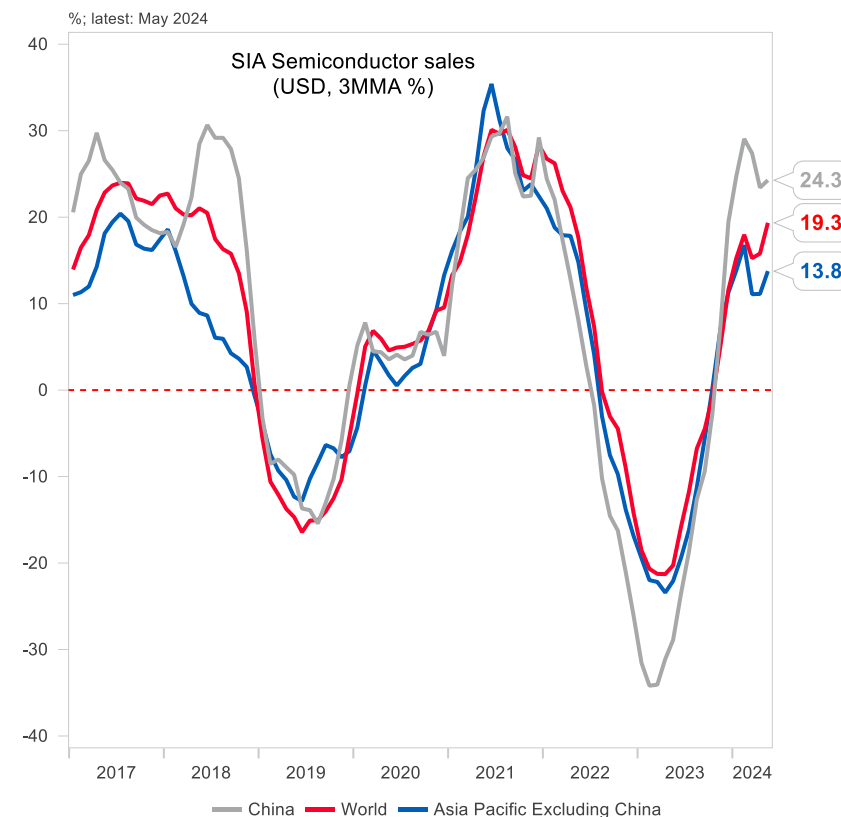
... After the slump in 2023, external trade is on the uptrend along with electronics cycle

ASEAN6: Trade Performance



Source: Macrobond, UOB Global Economics & Markets Research

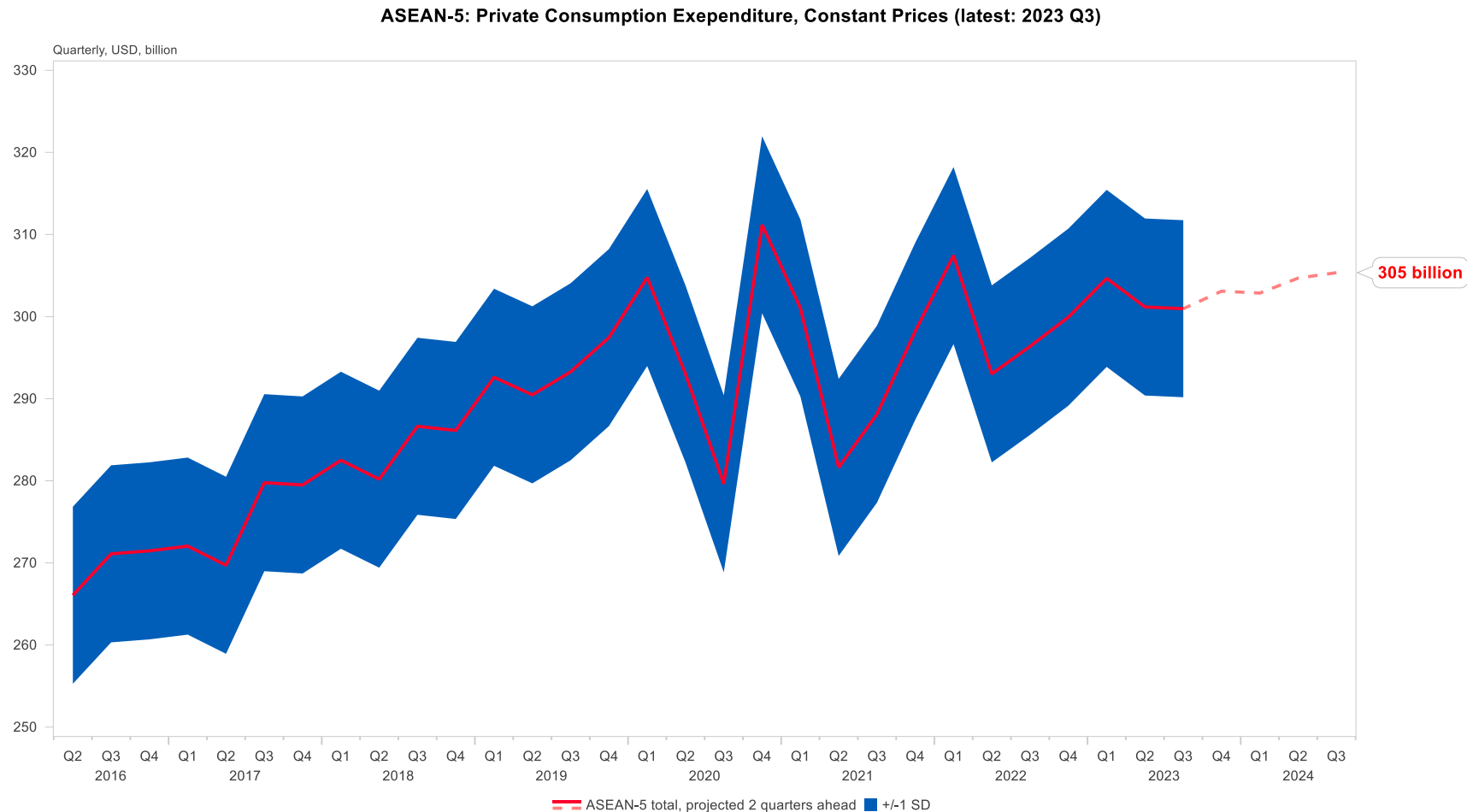
SIA Semiconductor Sales, 3 Month Moving Average (USD)



Source: Macrobond, SIA, UOB Global Economics & Markets Research

ASEAN: Key trends to watch

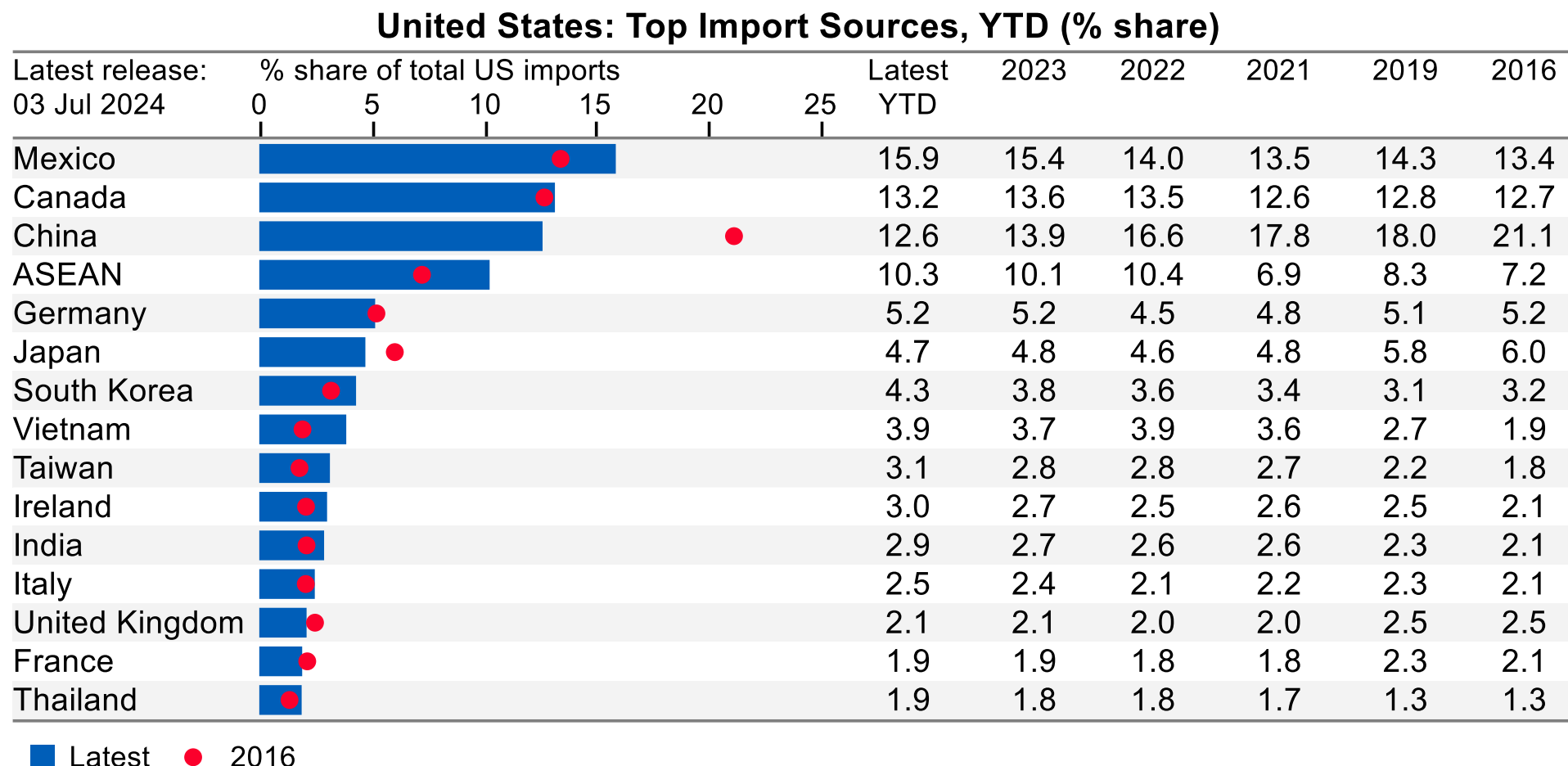
... domestic demand is projected to trend up, providing further support to business activities



Source: Macrobond, UOB Global Economics & Markets Research

Regionalization/de-globalization of supply chains

US: Shifts in trade flows dynamics in favour of ASEAN



Source: Global Economics & Markets Research

Regionalization/de-globalization of supply chains

Large FDI inflows to the US and ASEAN: “near-shoring” and “friend-shoring” ...

Top Foreign Direct Investment (FDI), Inflows destinations

UNCTAD Last: 20 Jun 2024	Annual, USD, trillion	2023 USD bn	y/y % chg 2023	2022 USD bn	2019 USD bn
	0.0 0.3 0.6 0.9 1.2 1.5				
World		1,331.8	-1.8	1,355.7	1,729.2
United States		310.9	-6.4	332.4	229.9
ASEAN		226.3	1.4	223.1	164.8
China		163.3	-13.7	189.1	141.2
Singapore		159.7	13.1	141.1	97.5
Hong Kong		112.7	2.7	109.7	73.7
Brazil		65.9	-10.2	73.4	65.4
EU		58.6	169.1	-84.8	627.3
Canada		50.3	9.0	46.2	50.5
France		42.0	-44.7	76.0	20.4
Germany		36.7	33.9	27.4	52.7
Mexico		36.1	-0.7	36.3	34.6
Spain		35.9	-20.0	44.9	17.8
United Arab Emirates		30.7	35.0	22.7	17.9
Australia		29.9	-52.9	63.4	38.5

■ 2023 ● 2022

Source: Global Economics & Markets Research

Foreign Direct Investment (FDI), Inward Flows

UNCTAD Last: 20 Jun 2024	USD, billion	Latest 2023	2022 USD bn	2019 USD bn	2016 USD bn
	0 25 50 75 100 125 150 175 200 225 250				
ASEAN (est)		226.3	223.5	165.1	112.3
China		163.3	189.1	141.2	133.7
Singapore		159.7	141.1	97.5	67.5
Brazil		65.9	73.4	65.4	53.7
Mexico		36.1	36.3	34.6	31.2
India		28.2	49.4	50.6	44.5
Argentina		22.9	15.4	6.6	3.3
Indonesia		21.6	25.4	23.9	3.9
Vietnam		18.5	17.9	16.1	12.6
Turkey		10.4	13.4	9.5	13.7
Malaysia		8.7	16.9	7.8	11.3
Russia		8.4	-15.2	32.1	37.2
Philippines		6.2	5.9	8.7	8.3
South Africa		5.2	9.2	5.1	2.2
Thailand		4.5	11.1	3.8	2.5

■ Latest ● 2016

Source: Global Economics & Markets Research

Disclaimers



This publication is strictly for informational purposes only and shall not be transmitted, disclosed, copied or relied upon by any person for whatever purpose, and is also not intended for distribution to, or use by, any person in any country where such distribution or use would be contrary to its laws or regulations. This publication is not an offer, recommendation, solicitation or advice to buy or sell any investment product/securities/instruments. Nothing in this publication constitutes accounting, legal, regulatory, tax, financial or other advice. Please consult your own professional advisors about the suitability of any investment product/securities/ instruments for your investment objectives, financial situation and particular needs.

The information contained in this publication is based on certain assumptions and analysis of publicly available information and reflects prevailing conditions as of the date of the publication. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results. The views expressed within this publication are solely those of the author's and are independent of the actual trading positions of United Overseas Bank Limited, its subsidiaries, affiliates, directors, officers and employees ("UOB Group"). Views expressed reflect the author's judgment as at the date of this publication and are subject to change.

UOB Group may have positions or other interests in, and may effect transactions in the securities/instruments mentioned in the publication. UOB Group may have also issued other reports, publications or documents expressing views which are different from those stated in this publication. Although every reasonable care has been taken to ensure the accuracy, completeness and objectivity of the information contained in this publication, UOB Group makes no representation or warranty, whether express or implied, as to its accuracy, completeness and objectivity and accept no responsibility or liability relating to any losses or damages howsoever suffered by any person arising from any reliance on the views expressed or information in this publication.



Right By You