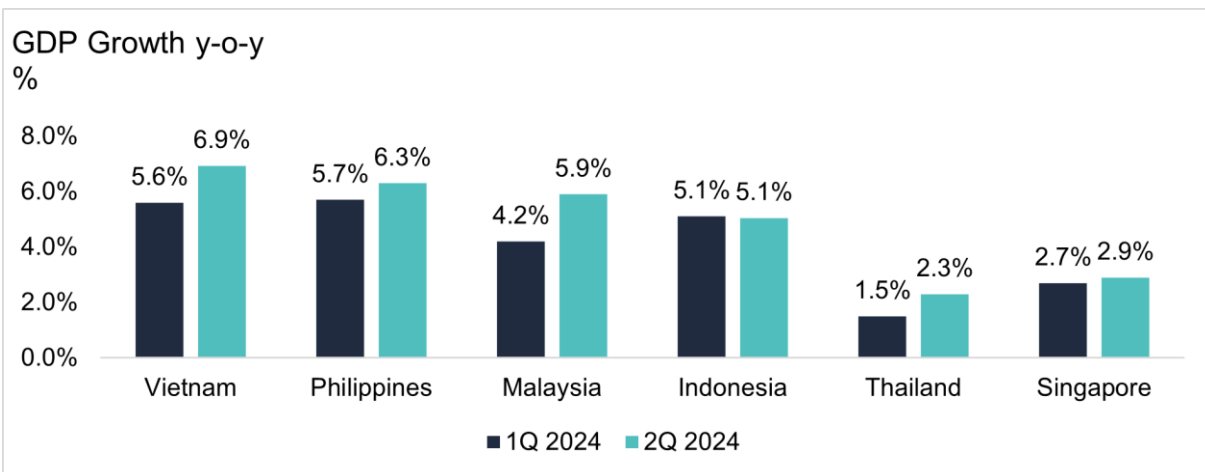


Southeast Asia Economic Update

2Q 2024

This update contains information correct as at 1600hr on 26 Aug 2024

Southeast Asia's economic performance in the second quarter of 2024 displayed a mix of resilience and challenges. The three fastest-growing markets—Vietnam, the Philippines, and Malaysia—posted GDP growth of 6.9%,¹ 6.3%,² and 5.9%,³ respectively, compared to the same period in the previous year. In contrast, the other larger Southeast Asian economies of Indonesia, Singapore, and Thailand reported growth rates of 5.1%,⁴ 2.9%,⁵ and 2.3%,⁶ respectively, during the same period.



Source: 1Q 2024 McKinsey & Company, 2Q 2024 sources detailed below

A common theme across the fastest growing ASEAN economies in the second quarter was the growth in household expenditure and private consumption, driven by various factors specific to each market. In Vietnam, increased consumption was supported by continued accommodative monetary policy.⁷ The Philippines experienced sustained low unemployment and a rise in inwards remittances from Philippine nationals working overseas,⁸ while Malaysia's economy benefited from improved employment rates and wage growth.⁹

In terms of trade, the region continues to benefit from ongoing shifts in global supply chains, with multinational companies increasingly diversifying away from China.¹⁰ However, slower growth in China, a key trading partner, poses risks to Southeast Asia's export-driven economies. Looking ahead, the region is poised to be one of the fastest-growing globally, bolstered by strong foreign direct investment (FDI) inflows, favorable demographics, and ongoing infrastructure development.¹¹

The Asian Development Bank's inflation forecasts for Southeast Asia are maintained at c.2.9% for 2024. In the first half 2024, inflation declined in most Southeast Asia economies as global food prices eased, despite volatility in oil prices. The prices of consumer staples, such as meat, fish, pork, and fresh vegetables, were lower than expected due to abundant market supply. Apart from a surprise rate hike by Bank Indonesia in April, monetary authorities have delayed policy rate cuts to keep local currencies competitive against the US dollar. The Indonesian rupiah, Philippine peso, Thai baht, and Vietnamese dong all depreciated since the start of the year as investors shifted towards safer assets like gold and the US dollar.¹²

Growth forecasts for Southeast Asia remain at 4.6% in 2024,¹³ supported by solid improvements in both domestic and external demand. Consumption, fueled in part by favourable prices and increasing tourism-related activities, continued to drive Southeast Asian economies, although it was somewhat tempered by a tight monetary environment in certain markets. Higher spending on infrastructure projects in the region's larger economies continues to boost investment demand and growth. The anticipated export recovery is also fueling growth, with manufacturing purchasing managers' indexes remaining positive for major exporting economies, indicating increased production.

Overall, while Southeast Asia's economic outlook remains positive, it is tempered by external uncertainties and internal challenges that will require careful management.

Until next time,
Calvin Ng
Managing Director

Sources:

¹ [Reuters \(Vietnam Q2 GDP Growth\)](#)

² [Philippines Statistics Authority \(GDP expands 6.3% second Quarter 2024\)](#)

³ [Nikkei \(Malaysia GDP growth accelerates to 5.9% in Q2\)](#)

⁴ [Trading Economics \(Indonesia GDP growth Annual\)](#)

⁵ [Reuters \(Thai Growth Quickens Q2 2024\)](#)

⁶ [Straits Times \(Singapore Q2 growth beats expectations\)](#)

^{7,8,9} [Asia Development Outlook \(July 2024\)](#)

¹⁰ [CNBC \(Southeast Asia Top choice for firms diversifying supply chains amid US-China tensions\)](#)

^{11,12,13} [Asia Development Outlook \(July 2024\)](#)

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Private Wealth
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Numbers at a Glance (as at 31 July 2024)

\$1bn+ AUD

Funds Under
Advice and Management

70

Portfolio Companies

37:23

Male : Female Staff Ratio

14

Languages Spoken

11

Staff Nationalities

6

International Finance
Awards Won

Aura Group's APAC Presence



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