

ASIAN ECONOMIES BACK AT PRE-PANDEMIC LEVELS BUT SCARS REMAIN

- Most Asian economies have regained their pre-pandemic GDP levels, but substantial gaps remain relative to pre-pandemic growth trajectories.
- Richer economies experienced a smaller gap due to policy and structural advantages. Emerging economies reliant on tourism and commodities face more risks.
- Long-run scars may manifest via diminished labour market, human capital, and investment prospects. Post-COVID turbulence makes things worse. With a more turbulent global environment risking a higher occurrence of economic shocks, resilience-enhancing reforms are a top priority for Asian policymakers.

SILICON VALLEY BANK A STERN REMINDER BUT NO CAUSE FOR PANIC IN ASIA

- The failure of the US-based Silicon Valley Bank is unlikely to degenerate into a major financial crisis.
- Asian markets are set, though, to continue suffering asset price corrections and currency depreciations in the near term.
- Nevertheless, the metrics of Asian resilience such as strong bank capitalisation and external accounts will ensure that these spillovers will be limited in scale and duration.

REGIONAL UPDATES

- President Xi began his third term by reminding China and the world who is in charge. He is signalling a hawkish stance in economic, foreign, and defence policy.
- Taiwan's exports continued to contract as tech-related exports languished amid slowing demand. Inflation eased after prior setbacks.
- Malaysia's central bank kept its benchmark rate unchanged, citing the need to assess the impact of prior tightening. We maintain our view that further rate changes are unlikely.
- Former Malaysian premier Muhyiddin Yassin has been charged with corruption. The trials in the courts of law and public opinion will generate political uncertainty.
- The Philippines continues facing stubborn inflation, with risks that inflation expectations are being baked into price dynamics. More aggressive tightening is likely.

Centennial Asia Advisors is an independent research and advisory firm focused on emerging economies in the Asia Pacific. We specialize in the intersection of economics, politics, and international affairs.

www.centennialasia.com

Manu Bhaskaran
Chief Executive Officer
manu@centennialasia.com

Celine Tan
Economist
celine@centennialasia.com

Lok ChenYue
Economist
chenyue@centennialasia.com