

FINANCIAL STRESSES A POTENTIAL DRAG ON ASIAN ECONOMIC PROSPECTS

- The recent financial market turbulence is the product of a new asset pricing regime resulting from tightened monetary conditions. As investors and businesses reposition themselves in this new regime, there will be more such episodes of stress.
- Asian resilience has held up admirably to date, with an external slump compensated by strength in domestic spending. A fuller recovery of tourism provides further upside.
- Preliminary PMI figures for advanced markets show that short-term reactions in real economic activity have been muted; Business optimism is still holding up.
- Even if the banking difficulties are successfully defused, shifts in sentiment and positions will have consequences for Asian capital spending, currencies, and trade.
- We ultimately expect economic resilience in Asia to persist, with the lessons learnt from prior crises being put to good use.

THAI GENERAL ELECTIONS A POTENTIAL TURNING POINT?

- Elections are slated for mid-May, the second since the 2014 coup d'état. The once anti-establishment Pheu Thai party is leading in voter surveys. Pro-establishment parties Palang Pracharath and the Democrats are on the backfoot
- The most likely outcome is that Pheu Thai wins a plurality of parliamentary seats, and forms a coalition with pro-establishment parties which then works to resolve some of the deep divisions that have produced a series of crises since 2004.
- Thailand thus has a chance to leave behind a decade of political paralysis. But even with that, daunting economic challenges await the new government.

REGIONAL UPDATES

- Taiwan's sagging manufacturing and robust retail sales paint a picture of a two-track economy as the central bank pushes ahead with a rate hike despite easing inflation.
- Malaysia's inflation ticks down marginally, while a leading indicator turns downwards.
- Singapore's growth-inflation tradeoffs have become more unfavourable amidst weakening industrial production. The odds of a monetary pause have increased.

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.

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