

SINGAPORE'S LATEST PROPERTY MEASURES ONLY A PARTIAL SOLUTION

- The government's latest measures to cool housing inflation will be only partially effective. Stringent demand management can provide only limited relief to rising prices: material improvements in supply are necessary to ensure a sustainable housing market.
- There is a broader problem of asset price inflation beyond just the housing sector. Structural features of the economy such as the disproportionate allocation of household savings to housing are also contributors.
- Without a more holistic assessment that untangles the diverse underlying drivers of rising prices, there will be more episodes of spikes in home prices.

TAKEOVER PLOTS NO CAUSE FOR ALARM ON MALAYSIAN GOVERNMENT STABILITY

- The opposition Perikatan coalition is reportedly engineering an attempt to take over the government via parliamentary defections, causing concern about political turbulence.
- Any such plot will face formidable barriers given the coalition government's large majority and the levers available to Anwar Ibrahim to pre-empt and stymie such efforts.
- A more realistic threat comes from a potential underperformance in the six state assembly elections, but the coalition's combined strength should deliver a sufficient performance.
- Even as it works to fend off political threats, Anwar's government demonstrates its ability to make steps towards tangible political and economic reforms.

REGIONAL UPDATES

- Growing tensions between China and the Philippines in the South China Sea prompted the US to strengthen its commitment to Manila. Expect more such flareups.
- South Korea evaded a recession despite a slowdown in global trade. The latest export figures provided little comfort and a difficult 2Q23 is likely despite domestic resilience.
- Taiwan, however, slid into recession as the semiconductor slowdown took its toll.
- Thailand's domestic demand exhibited resilience even the elections approach. Continued inflationary concerns mean that further rate hikes are possible.

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