

## PHILIPPINES: MARCOS HAS SURPRISED ON THE UPSIDE

- The Marcos Jr. Administration is in good standing after its first year: its economic agenda of fiscal consolidation, infrastructure spending, and liberalization strikes us as sound.
- Some positive political signs: Investigations into previous extrajudicial killings and a relaxation of restrictions on the media are encouraging.
- Long-run growth, however, remains constrained by the concentration of economic and political power within a narrow societal elite. Reforms in this area are not forthcoming.
- The foreign policy shift is significant: Marcos has abandoned the Sinophilia of his predecessor Duterte, taking a more hawkish stance on maritime disputes vis-à-vis China.

## MALAYSIA'S STATE POLLS AN ACID TEST FOR ANWAR'S GOVERNMENT

- The forthcoming state legislative assembly elections in six states will be the first major electoral test for Premier Anwar Ibrahim and his coalition government.
- Baseline expectations are modest for both Anwar and his opponents in the Perikatan Nasional bloc. Trends among Malay voters will be key in determining the results.
- Structural factors point to the headline status quo being maintained, given the short period since the 2022 election and neutral voter sentiment on the ground.
- The risks for Anwar lie in the potential saliency of socio-religious issues and his ability to appeal to younger first time voters.

## REGIONAL UPDATES

- US Treasury Secretary Yellen's visit to Beijing further calms US-China tensions. Despite the absence of substantive agreements, each side has a better understanding of the other.
- Taiwan's trade performance worsened due to muted demand and elevated inventories. Easing inflation is a small comfort amidst a gloomier growth outlook for the year.
- South Korea's inflation continued to moderate amidst easing energy and transport prices.
- Malaysia's central bank again stood pat on interest rates after a controversial hike in its previous meeting. The currency, however, may be subject to short-term pressure.
- Singapore's property market shows signs of cooling but only cyclically. The structural flaws will continue to exert price pressures in the longer term.

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