UOB Asset Management

Skyscrapers in the Business District of Jakarta, Indonesia

ASEAN Bulletin

Regional Outlook and Footprints

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Right By You

UOB Asset Management

August in ASEAN

Singapore

- Singapore's equities underperformed compared to ASEAN peers, but both the Straits Times Index (STI) (+1.7%) and MSCI Singapore Index (+2.7%) managed to close higher in August, despite a global market dip earlier in the month.
- Gains were led by the Communications Services, Retail, and Utilities sectors, while Transportation, Consumer Services, and Capital Goods lagged. Financials and Industrials saw net institutional outflows, whereas REITs and Telcos benefitted from increased fund inflows.
- Non-Oil Domestic Exports (NODX) rose by 15.7% year-on-year (YoY) in July, surpassing expectations, supported by strong growth in Electronics (+15.7% YoY) and Non-electronics (+15.5% YoY) exports. Core inflation moderated to 2.5% YoY due to broad-based easing across most categories.

Malaysia

- The FBM KLCI rose 3.3% in August, buoyed by solid GDP growth and expectations of US rate cuts, positioning the ringgit as the best-performing Asian currency year-to-date (YTD).
- Foreign inflows totaled RM2.6 billion, the highest since March 2022, bringing YTD foreign inflows to RM3.1 billion, while local institutions recorded net equity sales of RM1.7 billion.
- The Financial sector, which had lagged earlier, saw the largest inflows and was the top-performing sector in August, up 9.8%. All other sectors, except Financials and Plantations, posted negative returns, with Technology being the worst performer.

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Thailand

- Thailand's economic outlook improved from June, driven by higher external demand, with increased exports and tourism revenues bolstering manufacturing and service sectors.
- The SET Index closed 2.9% higher month-on-month (MoM). Market sentiment stabilized following the swift appointment of Mrs. Paetongtarn from the Pheu Thai party as Prime Minister, after Mr. Srettha was removed from office.
- The rally in the Thai market is expected to continue, supported by political stability and the implementation of new economic policies.

Vietnam

- Despite foreign net outflows of USD 150 million in August, the VN-INDEX gained 2.6% MoM, pushing the YTD return to 13.6%.
- Talks around removing pre-funding requirements are seen as a positive step towards Vietnam's potential upgrade to Emerging Market status.
- The market is likely to benefit from easing foreign exchange pressures due to anticipated US monetary easing and improved corporate earnings growth.

Indonesia

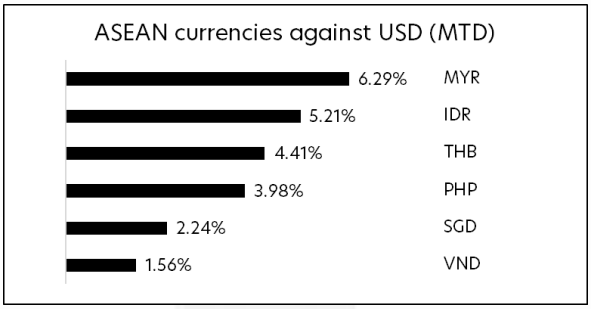
- The Jakarta Composite Index (JCI) led ASEAN markets in August, rising 5.7%. Foreign inflows amounted to USD 1.85 billion, the largest since April 2022, driven by a stronger rupiah.
- Stocks sensitive to interest rates and cyclical sectors, including Property, Energy, and Financials, led gains, pushing the JCI to new highs.
- Indonesia's Q2 2024 GDP growth moderated to 5.05% YoY from 5.11% in Q1, slightly ahead of market expectations, underpinned by steady private consumption (+4.9% YoY) and investment growth (+4.4% YoY).

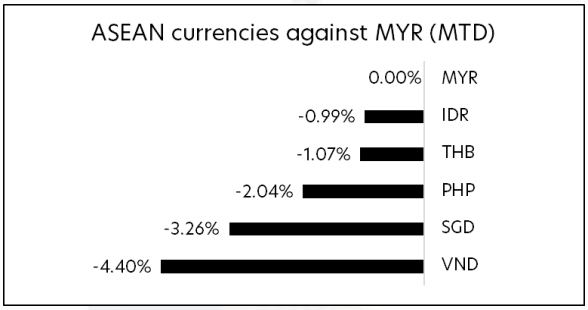
Philippines

- The Philippines Composite Index increased by 4.2% in August, supported by currency strength and a rate cut, making the Philippines the first ASEAN nation to ease monetary policy.
- GDP growth accelerated to 6.3% YoY in Q2 2024, driven by strong domestic demand, despite inflation rising unexpectedly to 4.4% in July, up from 3.7% in June.
- Gross gaming revenue (GGR) of the Philippines Amusement and Gaming Corporation (PAGCOR) rose by 32% to PHP 89 billion in Q2 2024, reflecting strong momentum in electronic gaming.

ASEAN Currencies

Riding the waves against USD and MYR





**Data as of August 2024*

Our Perspective

The US Dollar Index has started to decline in anticipation of the US Federal cutting interest rate as early as September 2024. Historically, a weaker US Dollar has supported the performance of equities in Emerging Markets, including ASEAN. Over the medium to long term, we see opportunities in several key trend within ASEAN.

The region's manufacturing sector is set to benefit from diversification of supply chains away from China. ASEAN also continues to attract strong global FDI inflows. Beyond manufacturing, the region offers attractive investment opportunities driven by rising middle class.

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