



# ASEAN Bulletin

Regional Outlook and Footprints  
Issue #9 • August 2024



Right By You

## July in ASEAN



### Singapore

- ❖ Both the Strait Times Index (STI) (+3.7%) and MSCI Singapore (+1.6%) rose this month. However, the MSCI was slightly held back by a decline in in Sea Ltd (-8% MoM) due to broker downgrades.
- ❖ The Industrials, Financials and Real Estate/REITS sectors led the gains, while the Retail, Transport, and Utilities sectors lagged.
- ❖ June 2024's Non-Oil Domestic Exports fell by 8.7% YoY, exceeding market expectation with notable declines in both Electronics and Non-Electronics exports. The Monetary Authority of Singapore kept the S\$NEER unchanged, citing a weaker inflation growth outlook and a negative output gap.
- ❖ MAS maintained the core inflation forecast at 2.5 to 3.5% and the GDP growth forecast at 2 to 3% for 2024.



### Malaysia

- ❖ The FBM KLCI surged by 2.2% in July, driven by an appreciating ringgit and a better-than-expected Q2 GDP growth of 5.8%, surpassing the consensus of 4.7%, mainly fueled by the services sector.
- ❖ Foreign inflows returned to Malaysia in July, reversing the year-to-date net foreign outflow to a positive RM500 million.
- ❖ The construction sector index gained 14.4% as major construction companies secured data center contracts. The Property and Financials sectors performed well, while Healthcare lagged.





## Thailand

- ❖ Thailand's economy slowed primarily due to weak foreign tourist numbers and exports. Private consumption remained stable, with increased spending on non-durable goods offset by a decline in durable goods, particularly in the automotive sector.
- ❖ In the first half of July, the Thai market was supported by the impact of the uptick rule and increased clarity about the digital wallet initiative. However, in the second half of July, the market faced pressure from domestic political uncertainties and profit-taking in the financial sector. Overall, the SET index rose by 1.5% in July.
- ❖ We anticipate fluctuations in the Thai market due to political uncertainties, as the constitutional court is set to vote on the Prime Minister's status on 14th August.



## Vietnam

- ❖ Despite weakness in the US market and the passing of Nguyen Phu Trong, General Secretary of the Vietnam Communist Party, the VN-INDEX rose by 0.5%, bringing the year-to-date return to 10.8%.
- ❖ The recent appointment of a new General Secretary has removed political uncertainty.
- ❖ We expect the Vietnam market to be supported by strong economic growth, robust corporate earnings, and reasonable valuations.





## Indonesia

- ❖ The BI rate was maintained at 6.25%, though with a more dovish tone. CPI came in lower at 2.7% YoY (Core CPI: 1.94% YoY) as food inflation was largely controlled.
- ❖ The preliminary 2025 budget, which includes IDR71tn for next presidents' Food Program, is expected to boost direct spending and help kickstart the economy.
- ❖ Rate-sensitive and non-cyclical consumer stocks outperformed, driven by rate-cut expectations and solid results from non-cyclicals, while basic materials and infrastructure sectors underperformed.



## Philippines

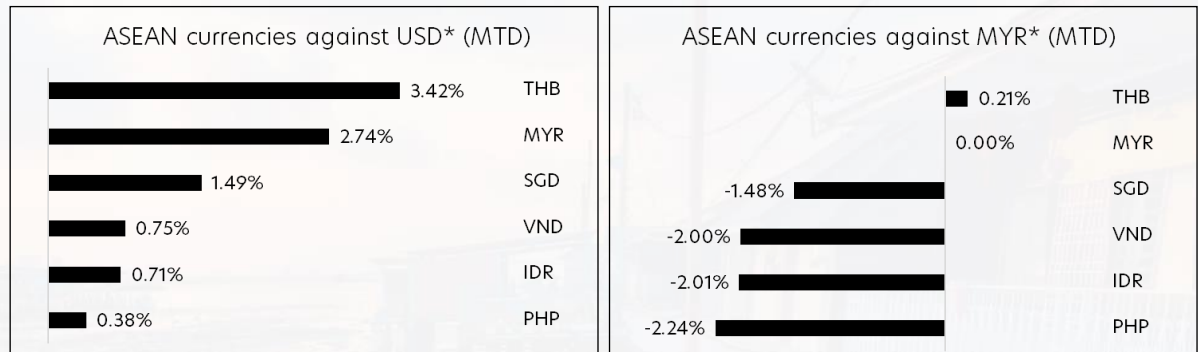
- ❖ The Philippines Composite Index was the best-performing ASEAN market in July, rising by 3.2% due to favorable economic data, which suggests a potential rate cut in August.
- ❖ President Marcos's ban on all Philippine Offshore Gaming Operators (POGOs) could increase vacancy rates in office and residential buildings, putting pressure on property stocks.
- ❖ Bank-transferred remittances increased by 3.6% YoY in May, while personal remittances rose by 3% YoY.





## ASEAN Currencies

Riding the waves against USD and MYR



*\*Data as of July 2024*

## Our Perspective

With the US Federal Reserve expected to cut interest rates more rapidly in 2024 compared to ASEAN central banks, the US Dollar’s strength may begin to wane. Historically, a weaker US Dollar has been positively correlated with stronger performance in Emerging market.

In the medium to long-term, we see promising opportunities in several key trends within ASEAN. The region’s manufacturing sector is set to benefit from the diversification of supply chains away from China.

Furthermore, ASEAN continues to attract substantial global FDI and offers investors valuable exposure to a growing middle class, presenting opportunities beyond manufacturing.

## Important notice and disclaimers

This publication shall not be copied or relied upon by any person for whatever purpose. The information herein is given on a general basis without obligation and is strictly for information only. This publication must be viewed in conjunction with the oral presentation provided by UOB Asset Management (Malaysia) Bhd ("UOBAM(M)"). This publication is not an offer, solicitation, recommendation or advice to buy or sell any investment product, including any collective investment schemes or shares of companies mentioned within. The information contained in these publication, including any data, projections and underlying assumptions are based upon certain assumptions, management forecasts and analysis of information available and reflects prevailing conditions and our views as of the date of the document, all of which are subject to change at any time without notice. In preparing this publication, UOBAM(M) has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which was otherwise reviewed by UOBAM(M). UOBAM(M) does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any error, inaccuracy, or omission. UOBAM(M) and its employees shall not be held liable for any decision or action taken based on the views expressed or information contained within this publication. Any opinion, projection and other forward-looking statement regarding future events or performance of, including but not limited to, countries, markets or companies is not necessarily indicative of, and may differ from actual events or results. Nothing in this publication constitutes accounting, legal, regulatory, tax, or other advice. The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. You may wish to seek advice from a professional or an independent financial adviser about the issues discussed herein or before investing in any investment product. Should you choose not to seek such advice, you should consider carefully whether the investment or product is suitable for you or your organization.

UOB Asset Management (Malaysia) Bhd 199101009166 (219478-X).