

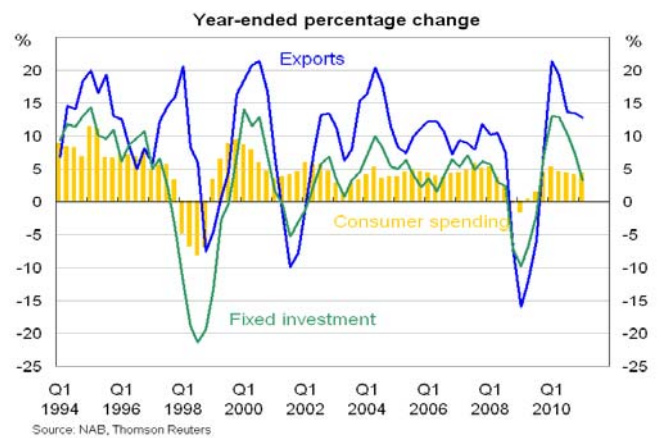
# Asian Tigers Economic Update

- The partial economic indicators suggest that the pace of growth across the region has continued to slow. The monthly industrial output figures have been affected by supply chain disruptions in Japan but they do show a substantial easing in growth – down to under 5% yoy in June. June quarter GDP numbers are available for a few regional economies and they showed a slowing as well.
- Inflation remains a problem across the region with consumer inflation rates in several economies either already above their targets or expected to exceed them. Persistently high food and oil prices combined with strong domestic demand mean that the region’s central banks should be concerned by the local inflation outlook.
- Monetary policy is being tightened across the region – but in differing ways and at differing rates, depending on the economy. Currencies are generally appreciating and interest rates being gradually increased. There is a danger that some central banks could be falling “behind the curve” in rate setting.
- Credit growth slowed down notably across the region during the GFC, but has recovered strongly in line with accommodative monetary policy and a sharp pick-up in economic activity. Available data on bank loans indicate that the cycle has been largely driven by business credit, with property related and manufacturing industries playing a significant role in the cycle. Mortgage growth has also been strong in some markets contributing to property price pressures. In this issue, we examine some of the recent trends in credit growth across the region.

## Asian Tiger Economies – Regional GDP



## Changes in Private Demand Components



## Asian Tiger industrial output and exports

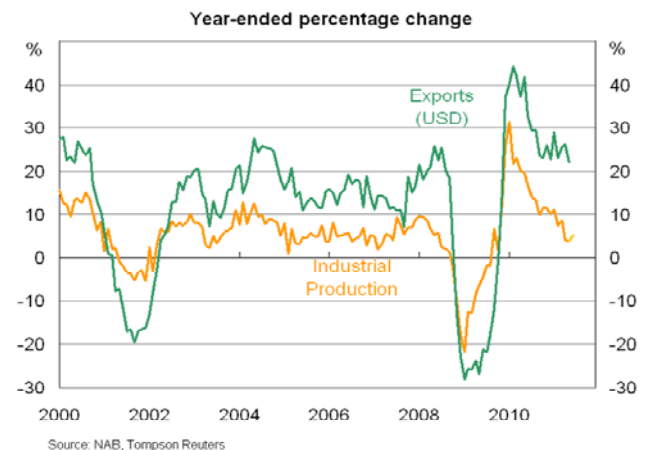


Table: Growth Forecasts

	Average annual GDP growth (%)			
	2010	2011	2012	2013
Hong Kong	7.0	6.3	4.9	4.1
Korea	6.2	3.6	4.1	4.2
Singapore	14.5	4.9	4.8	4.7
Taiwan	10.9	5.1	4.8	4.6
Indonesia	6.1	6.4	5.9	5.2
Malaysia	7.2	4.8	4.5	4.5
Philippines	7.6	6.1	5.6	5.0
Thailand	7.8	3.7	4.4	4.4
<b>Asian Tigers</b>	<b>7.8</b>	<b>4.9</b>	<b>4.8</b>	<b>4.6</b>
<i>Memo:</i>				
World	5.1	4.1	4.2	4.1
China	10.3	9.3	8.2	8.0

Source: Thomson Reuters, NAB













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