14 September 2017

G3 & The Global Economy

Growth To Be Sustained As Recovery Broadens

After going through a consolidation in 2016, the global economy has emerged stronger. This is on the back of monetary policies easing in the Eurozone, Japan and China, while monetary conditions remain loose in the US despite the tightening. We believe the global growth is likely to be sustained and remain relatively strong moving into 2018. This is as the recovery in global economic growth is becoming more broad-based, along with rising confidence, improving employment, and income that can withstand the gradual global monetary policy-tightening processes.

We believe expectations of a gradual monetary tightening are likely to continue to provide support to global equity prices.

As the monetary tightening process is likely to be gradual, we believe it could take a while before US tightening starts to bite again. This would inflict real economic activities and growth and, subsequently, a correction in real assets and financial asset prices.

We believe the US economy would be able to adjust to the monetary policy tightening and growth is likely to expand at a faster 2.4% pace in 2018. This is on the back of improving confidence and employment, aided by US President Donald Trump's reflationary policies.

With confidence among businesses and consumers improving, and risk of political disintegration receding, we expect the Eurozone's growth to hold up at 1.9% in 2018.

As long as Japan's exports continue to grow, its economic growth is likely to be sustained into 2018, in our view. We expect the country's real GDP growth to hold up and expand by 1% in 2018 after picking up to the +1.2% estimated for 2017.

Key risks to global growth:

i. **A major pull-back in the US equity market** if investors decided to throw in the towel and believe that President Trump would not be able to implement his reflationary policies after giving him the benefit of the doubt;

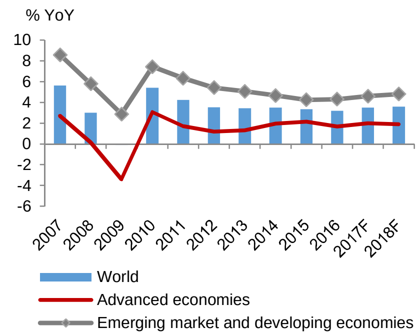
ii. **Mr Trump pushes through his protectionism policy,** affecting global trade;

iii. **Debt crises** from overcapacity corrections and a sharper-than-expected economic slowdown in China;

iv. **Geopolitics escalating to a crisis level,** dragging down confidence, financial markets and growth;

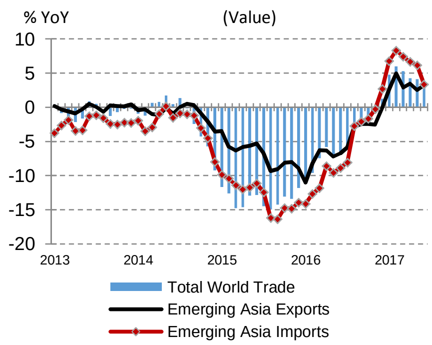
v. **Massive outflow of capital** from emerging markets (EMs) due to monetary tightening in developed markets.

Global GDP growth



Source: International Monetary Fund (IMF)

Global trade



Source: CPB World Trade Monitor

G3, China and ASEAN-5 GDP growth

% YoY	2013	2014	2015	2016	2017E	2018F
Global economy	3.4	3.4	3.2	3.1	3.4	3.7
US	1.7	2.4	2.6	1.6	1.9	2.4
Euro area	-0.3	1.2	2.0	1.8	1.9	1.9
Japan	2.0	0.3	1.2	1.0	1.2	1.0
China	7.7	7.3	6.9	6.7	6.8	6.6
ASEAN-5	5.0	4.3	4.1	4.3	4.5	4.8

Source: RHB, IMF

Economist
Peck Boon Soon
+603 9280 2163
bspeck@rhbgroup.com

Global Economy To Continue Its Expansion

Global monetary tightening to be gradual

Following monetary policy tightening in the US, developed countries economic growth slowed. Drops in commodity & oil prices dragged down growth in emerging economies as well. After going through a consolidation in 2016, the global economy has emerged stronger on the back of monetary policy easing in the Eurozone, Japan and China, while monetary conditions remain loose in the US despite the tightening.

We believe the global growth is likely to be sustained and remain relatively strong moving into 2018, as the recovery in global economic growth is becoming more broad-based – along with rising confidence, improving employment, as well as income that may withstand the gradual global monetary policy-tightening processes. This is reflected in the composite global Purchasing Manager Index (PMI), a survey conducted by Markit, which held up well in 2Q17 after an improvement in 1Q. Furthermore, the level was higher than that in 2016.

There were some concerns over growth prospects, when political tension between the US and North Korea inched up a notch after President Trump threatened the latter nation with “fire and fury”. While the risk had subsequently eased off after North Korea toed the line, it flared up again when the latter fired a missile over Japan and said that it had successfully conducted a test of a hydrogen bomb on 3 Sep.

On this front, we believe it would be very difficult to predict what would eventually pan out, and geopolitical risks – not just between the US and North Korea, but also in other parts of the world as well – may persist for a while.

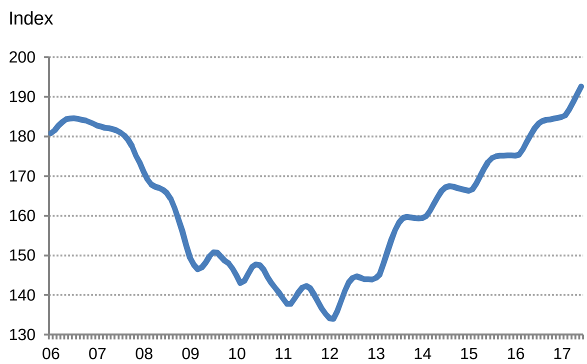
The surge in the US equity market to a record high in recent months is another area of concern that could pose downside risk to the global economy. This is if it were to pull back drastically when investors decide to throw in the towel and believe that President Trump would not be able to implement his reflationary policy after giving him the benefit of the doubt.

Apart from still hoping that Mr Trump delivers his reflationary policies, albeit a more diluted version, the rise in equity prices globally suggests that investors are also taking cue from global central banks’ signals that they would normalise their monetary policies in a gradual manner. This was reinforced by easing inflationary pressure of late in the US and Eurozone after reaching a peak in February.

We believe such expectations of a gradual monetary tightening would likely continue providing a support to global equity prices. What is more, the US Fed has downplayed its concerns over rising asset prices. This is despite US home prices reaching a new high in June (Figure 1) for the seventh straight month. It is now 4.3% higher than its Jul 2006 peak prior to the global financial crisis. Similarly, US credit card debt has reached an all-time high in June (Figure 2).

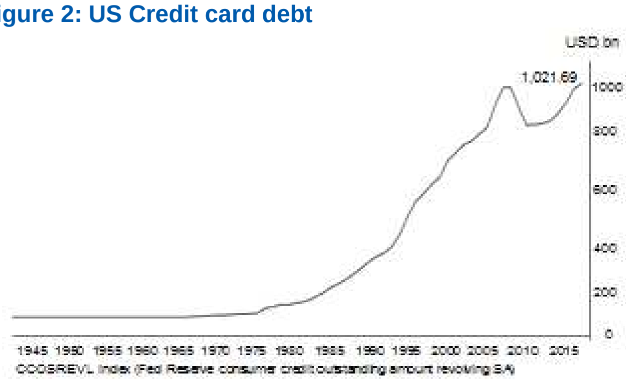
All these, in our view, were caused by low interest rates and aided by rising confidence as employment and income improve. Also, US banks were seen drawing down their deposits placed with the US Fed to a low of USD1.9trn in Dec 2016 from a high of USD2.8trn in Oct 2014, before increasing it back to USD2.4trn on 17 Aug (Figure 3). The drawdown would likely fuel liquidity. It could also eventually fuel money supply growth and inflation, as well as asset prices, in our view.

Figure 1: US Home prices



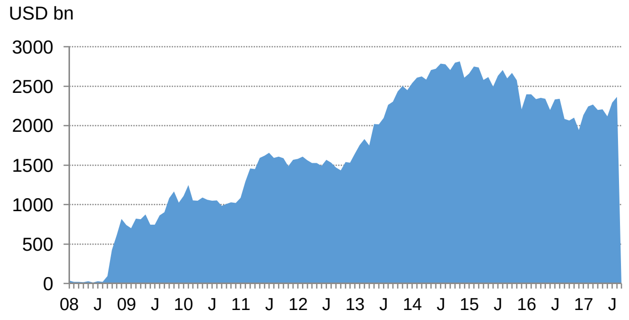
Source : Bloomberg

Figure 2: US Credit card debt



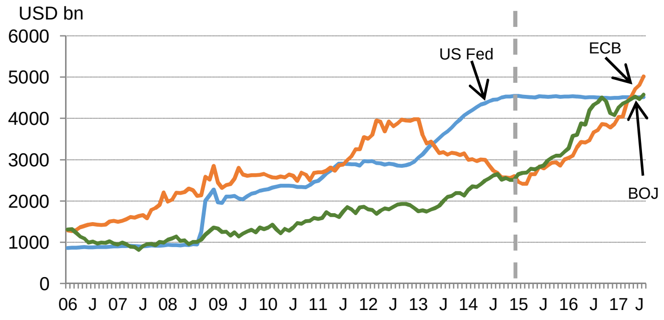
Source: Bloomberg

Figure 3: US financial institutions' deposits with the US Fed



Source : US Federal Reserve

Figure 4: Central bank balance sheets



Source: Bloomberg

As the monetary tightening process would likely be gradual, we believe it could take a while before the US tightening starts to bite again. This would inflict real economic activities and growth and, subsequently, a correction in real and financial assets prices. When the latter two fall, it could be hard and damaging to the global economy, although the exact timing would be hard to gauge, in our view. Meanwhile, after interest rate hikes that are likely to continue into 2018, the US Fed is also talking about reducing its USD4.5trn balance sheet gradually.

The Eurozone has also started to talk about dialling back its quantitative easing (QE), as growth is picking up and risk of the economy falling into deflation is receding. Indeed, it has reduced its asset purchases programme to EUR60bn a month starting April and until December. However, the QE tapering, which we expect the European Central Bank (ECB) to continue into 2018, is unlikely to have a major impact on the region's economy, as the liquidity would continue to be recycled back into the system. We believe the Eurozone would only start raising interest rates probably in 2019, which may have a greater impact on the economy.

In the same vein, Japan's economic growth picked up strongly in 2Q17, but we believe it would not be enough to convince the Bank of Japan (BoJ) to roll back its quantitative & quality easing (QQE) plan. Thus far, there is no indication when the BoJ would unwind its QQE, but we believe Japan would likely lag behind its peers in dialling back the easing plan.

China, on the other hand, tightened its policies somewhat on the housing sector in early 2017 and the People's Bank of China (PBoC) has increased its short-term interest rates several times in 1H17 to curb some unhealthy lending activities. The moves were not drastic as compared to its recent past tightening measures, and some mild impact on economic growth is expected. However, we believe the economy would likely be able to absorb it and stay relatively firm in 2018.

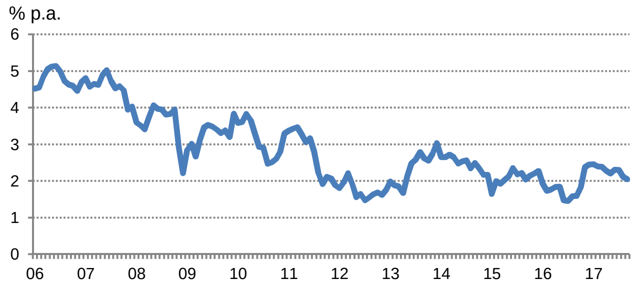
Meanwhile, the global economy seems to have adjusted well to the initial US monetary policy normalisation after it stopped the QE in late 2014 and started its first interest rate hike in seven years in Dec 2015. This was thanks also to the monetary easing in the Eurozone, Japan and China to cushion the impact (Figure 4).

While it had never been highlighted before, the first rate hike in seven years in Dec 2015 seems to had jolted the US economy somewhat, resulting in its growth slowing to 1.6% in 2016 from 2.6% in 2015. Some economists blamed it on the severe winter during the year. Along with a slower growth in the US, Eurozone economic growth also slowed to 1.7% in 2016 from 2% in 2015. Similarly, Japan's economic growth moderated to 1% in 2016 from +1.2% in 2015. The drop in developed countries' demand, coupled with a slowdown in China's economic growth and lower commodity & oil prices, dragged down growth in emerging economies as well.

However, after a period of consolidation – and with interest rates remaining low – the US economy was able to pick up its growth momentum in 2H16 and sustained into 1H17. This was even though the US Fed continued to raise interest rates gradually by another 25bps each in Dec 2016, Mar 2017 and Jun 2017. Thus far, the US has raised interest rates by 100bps to 1.25%, but the interest rate remains low – this should allow the economy to continue growing, in our view. Indeed, the 10-year US Treasury long-term bond yield barely moved. It stayed at 2.04% on 7 Sep, ie lower when compared with the 2.17% booked as at end-Dec 2014 (Figure 5).

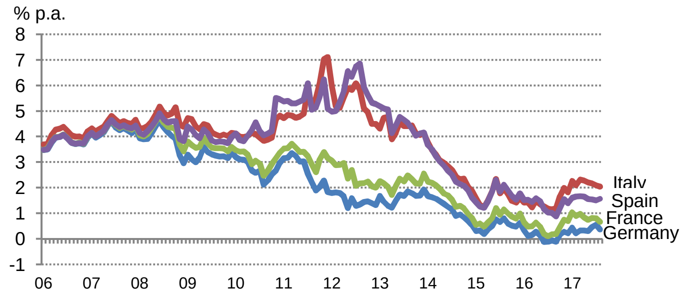
Although the 10-year US Treasury at times overshot on the upside ahead of the US Fed's tightening moves during the period, it subsequently fell back as the market came to terms with the fact that the tightening remained gradual and monetary policy was still loose.

Figure 5: US 10-year treasury yield



Source : Bloomberg

Figure 6: Germany, France, Italy and Spain's 10-year bond yields



Source: Bloomberg

On the other hand, sensing that economic growth remained lacklustre and there was a danger of the economy falling into deflation, the ECB started its QE in Mar 2015 by buying EUR60bn a month of financial assets. This amount was expanded to EUR80bn a month in Mar 2016 until Mar 2017 (Figure 6). This lifted the Eurozone's economic growth to around 2% in 1H17 and contributed positively to the overall global growth.

Similarly, the BoJ continued to implement its QQE during the period and it switched to target the 10-year bond yield at 0% in Sep 2016 in order to simulate growth. Along with a recovery in global demand and its exports, Japan's real GDP growth has picked up and strengthened to an annualised 2.5% in 2Q17.

China also implemented its own form of QE in 2015 to shore up its economic growth. In 2016, the Government further implemented some stimulus spending to stabilise the economy and cushion it from slowing global growth. These moves proved effective and China's economic growth started to stabilise at 6.7% YoY in the first three quarters of 2016 after it went through a period of slowing down to 6.9% in 2015 from 10.4% in 2010. Thereafter, the growth inched up to 6.8% YoY in 4Q16 and strengthened to +6.9% in 1H17.

China's stronger economic growth, in our view, provided a much needed boost to the overall global economic growth. It also lifted growth in commodity export-dependent countries.

The East Asian nation's monetary and fiscal expansion, together with the ECB and BoJ's QEs, helped to mitigate the US tightening in 2016 and 1H17. Although China tightened its monetary policy selectively in 2016, it was mainly focused on the housing sector and shadow banking issue, as well as some financial instruments. The moves, which were not drastic, were well absorbed by the economy, given its resilient consumer spending and a recovery in exports.

US: Balance sheet reduction to be a main focus in 2018

In the US, the Fed has guided that it would raise the key policy rate by another 25bps this year and another three times or 75bps in 2018. However, we believe the guidance is not cast in stone. Any further hike in interest rates would likely be data dependent and post the US Fed's assessment of the tightening effect from a reduction in its balance sheet. If economic data is not favourable, the tightening process could be delayed or even slower, in our view.

Also, it would depend on how President Trump's reflationary policies pan out and whether disappointments in the financial markets could set in when Mr Trump fails to push through his policies. In fact, another 25bps hike by the US Fed for the rest of this year appears to be losing momentum as inflation eases.

However, we believe the US Fed is on track to start reducing its balance sheet, and it may announce its plan in September's Federal Open Market Committee (FOMC) meeting. The move, in our view, is tantamount to a tightening effect. At this juncture, most US economists think that the impact would be fairly modest, with 40% of them expecting the10-year Treasury to rise by just 0.50% or less, given that it would be carried out in a gradual manner.

As a whole, we believe the US economy would be able to adjust to the monetary policy tightening and growth would likely be sustained into 2018 on the back of improving confidence and employment. This would likely be aided by President Trump's reflationary policies, albeit a diluted version. We expect the US economy to grow at a faster pace of 2.4% in 2018 compared with the +1.9% estimated for 2017. The US Fed's latest forecasts are for growth to pick up to 2.2% in 2017 before easing a little to 2.1% in 2018.

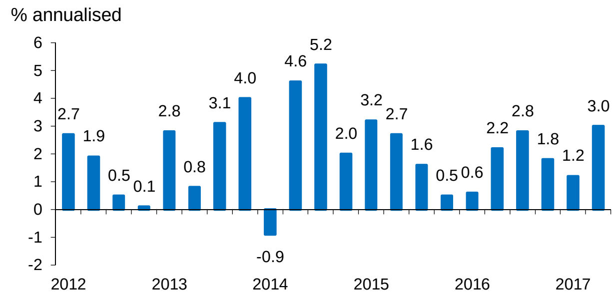
As it stands, US economic growth bounced back to grow at a stronger annualised rate of 3% in 2Q17, an upward revision from the +2.6% estimated earlier and after slowing to +1.2% in 1Q (Figure 7). This was attributed to a rebound in consumer spending, as Americans returned to spend again after the cold winter was over. This was aided by a stronger growth in business spending on equipment.

Moving forward, we continue to expect Americans to spend more, as they are still feeling upbeat. This is aided by an improvement in employment, which would translate into an increase in income. As it stands, the US non-farm payroll added another 1.405m jobs in the first eight months of 2017 vs 1.412m in the corresponding period last year. Although wage growth has eased off of late, it continued to show positive growth of 2.5% YoY in August. As the labour market continues to tighten, we expect wage pressure to rise and provide a support to consumer spending in 2018.

Similarly, businesses are also turning more upbeat on growth prospects, as new orders for non-defence capital goods – excluding aircraft – are still showing improvements. Also, the Institute of Supply Management PMI's (ISM PMI) manufacturing and services indices were still holding up well (Figure 8). At the same time, corporate profits grew for a fourth consecutive quarter and by 7% YoY in 2Q17 when compared with +3.3% in 1Q, albeit at a slower pace than the +8.6% in 4Q16.

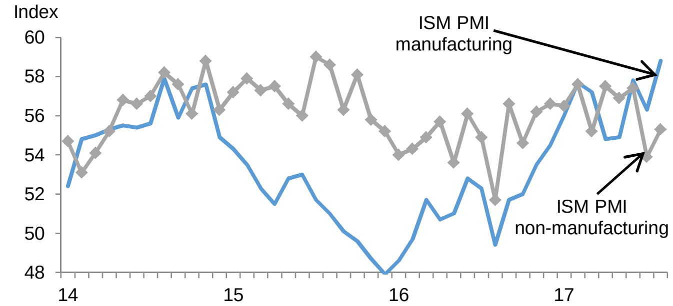
We envisage corporate profitability to improve if Mr Trump is able to cut the corporate tax rate to 15% from 35%. This is likely to induce more business investments and create additional growth for the economy.

Figure 7: US GDP growth



Source : US Census Bureau

Figure 8: US ISM PMI manufacturing & services index



Source: Bloomberg

Nonetheless, Mr Trump continues to face resistance in implementing his immigration policy, repealing Obamacare and building a wall between the US and Mexico. His proposals for a substantial tax cut, massive deregulation, and USD1trn infrastructure spending have yet to take shape. However, optimism remains that a significant portion of his reflationary package would eventually get off the ground, lifting US and global growth. In addition, noises to impeach Trump are beginning to be heard, but it remains insignificant even though the impeachment, if it happens, could distract his policy implementation.

Without Mr Trump's reflationary policies, the underlying growth of the US economy would be weighed down by an aging population and stagnating growth in productivity. Its working age population growth has already fallen to 0.4% pa in recent years, with productivity hovering at around the 0.6% pa level. Indeed, the US economy is operating at close to full employment currently, with the unemployment rate standing at 4.4% of labour force as at end-August.

Meanwhile, disappointments over the implementation of President Trump's reflationary policy package have caused the USD to weaken after it had overshot on the upside. At the same time, financial conditions remained loose despite the fourth 25bps rate hike by the US Fed on 14 Jun. This is reflected in the 10-year Treasury yield, which has fallen back to 2.04% on 7 Sep, after rising to a high of 2.63% before the US Fed's rate hike on

13 Mar. This would provide a strong support to businesses and the residential housing market.

EU: Rising confidence level a boon to economic growth outlook

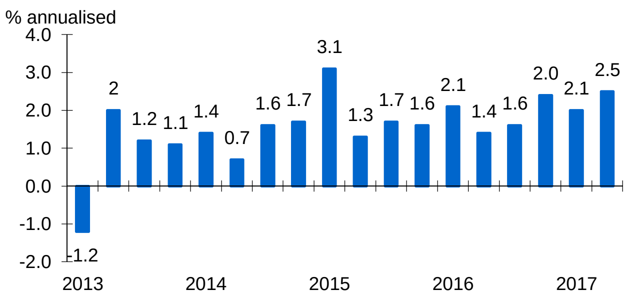
Following the implementation of the QE in 2015 and the subsequent expansion of it in 2016, the Eurozone economy bounced back in 2H16. It has continued to gather pace, with growth strengthening to an annualised 2.5% in 2Q17 (Figure 9) from +2.1% in 1Q. More importantly, the upswing is finally starting to spread across the 19-nation region, with more countries joining the recovery.

France recorded its strongest growth in 2Q since 2011, underpinned by growing exports and investments, while the Netherlands posted the fastest growth during the quarter since the end of 2007. Even Italy, which has lagged behind its peers in terms of growth, is starting to shake off its reputation as the sick man of Europe. Meanwhile, Spain's growth has remained relatively strong. Although Germany's growth moderated somewhat in 2Q, it remained resilient.

With confidence among businesses and consumers improving and risk of political disintegration receding, we expect Eurozone's growth to hold up at 1.9% in 2018, from an estimate of +1.9% in 2017. This would likely be aided by low interest rates and the end of austerity for some countries in the bloc. The ECB had raised its growth forecasts to 2.2% for 2017, but it kept the forecast for 2018 at +1.9%.

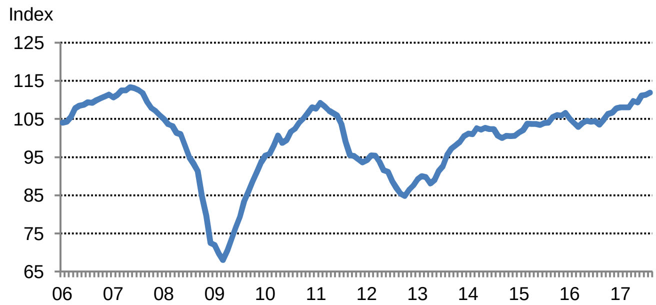
As it stands, economic sentiment in the Eurozone hit a fresh decade high of 111.2 in July (Figure 10) – its best level since before the financial crisis hit in 2007. The gauge was driven higher by low inflation, improving global outlook, and the defeat of euro sceptic populists at elections in France and the Netherlands. This was aided by an improvement in the employment market, with the unemployment rate easing to 9.3% of total labour force in May from about 10% a year ago (Figure 11).

Figure 9: Eurozone GDP growth



Source : Euro Stats

Figure 10: Eurozone economic confidence index

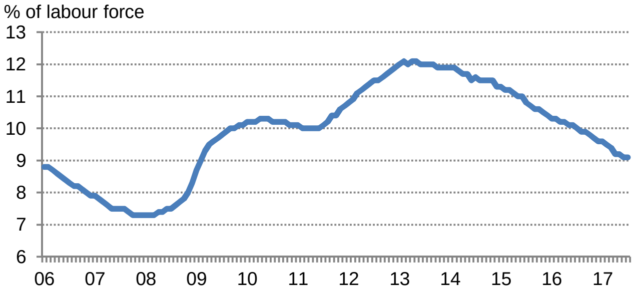


Source: Bloomberg

At the same time, the headline inflation moderated to 1.3% YoY in June from 1.9% in April and a high of 2% in February. The core inflation rate, excluding energy, food, alcohol and tobacco, however, inched up to 1.0% YoY in June after easing to 0.9% in May and from a high of 1.2% in April.

Despite the pick-up, the core inflation rate remained benign, indicating that the ECB would not have to rush to tighten its monetary policy anytime soon, in our view. We expect the headline inflation to pick up to around 1.5% in 2017, largely on the back of higher energy and food prices, before inching down slightly to 1.3% in 2018 on the back of a stronger currency. For 2016 as a whole, the headline inflation only averaged 0.2%, and it missed the ECB's target of just under 2% for more than three years. The ECB, on the other hand, expects inflation to average 1.5% for this year and 1.2% for 2018.

Figure 11: Eurozone unemployment rate



Source : Euro Stats

In Jackson Hole, Wyoming, ECB President Mario Draghi revealed little about the bank's monetary policy direction. Instead, Mr Draghi chose to focus his speech on a defence of free trade and post-crisis financial regulations. Nevertheless, the ECB has had very preliminary discussions on different scenarios regarding the QE programme, including the length and size of the stimulus in September's meeting. The ECB President said in a press conference after the meeting that the bulk of QE decisions would be taken in October. This implies that the ECB would likely be gradual in dialling back its QE, as a significant degree of monetary accommodation is still warranted in the region.

Meanwhile, although risk of disintegration has receded, it could resurface in Italy, where parliamentary elections are currently due before May 2018. However, after a multi-party deal on a new electoral system unravelled in June, an early election looks unlikely. Furthermore, the Five Star Movement – an anti-establishment movement – is losing momentum, as it did poorly in recent local elections – a development that could undermine its hopes of winning the national elections.

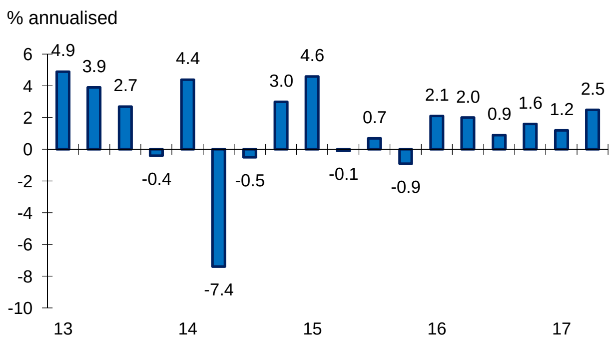
In the UK, the negotiation on Brexit remains uncertain. The opposition Labour Party announced that it wants Britain to stay in the EU's single market and customs union for up to four years after it leaves the bloc – and possibly longer. This looks set to strengthen the hand of anti-Brexit Conservatives to push for a softer split. Meanwhile, real GDP growth slowed down to an annualised rate of 1.2% in 1Q17, and it continued to stay weak at this level in 2Q and from +2.7% in 4Q16. It was also less than half the pace recorded in the Eurozone. Indeed, household expenditure rose just 0.4% in 2Q, as rising prices combined with a modest growth in income to eat away at spending power.

Moving forward, the UK's economic growth would likely stay lacklustre, and growth may soften to 1.2% in 2018 from the +1.5% estimated for 2017. Anecdotal evidences suggest that uncertainty over the UK's future ties to the EU is causing investors to hold back their expansion plans. The UK may also not be able to trade with the region as before, and this could slow down growth further in the period ahead.

Japan's GDP growth to benefit from a pick-up in exports

Along with a recovery in global trade and Japan's exports, the country's economic growth strengthened further in 2Q17. Indeed, real GDP growth picked up to an annualised rate of 2.5% in 2Q (Figure 12) from 1.2% in 1Q. This was the sixth consecutive quarter of positive growth, ie the country's longest economic expansion in over a decade since 2006, underpinned by a pick-up in consumer spending and private investment. At the same time, public consumption recovered, while public investments surged during the quarter. The latter was linked to the Tokyo 2020 Olympics.

Figure 12: Japan's quarterly GDP growth



Source : Statistics Bureau of Japan

As long as Japan's exports continue to grow, its economic growth would likely be sustained into 2018, in our view. We expect the country's real GDP growth to hold up and expand by 1% in 2018, after picking up to an estimate of +1.2% in 2017. Consumer spending would likely remain one of the key areas of growth, underpinned by an increase in income given the tight labour market. Indeed, Japan's unemployment rate stood at 2.8% of the labour force in July, the lowest in 23 years. Similarly, the investment growth is likely to be sustained in 2018. This is on the back of an increase in public spending related to Japan being the host for the 2020 Olympics, while business spending is envisaged to pick up in line with a rise in exports.

Furthermore, the BoJ is expected to maintain its loose monetary policy to support economic growth by targeting the 10-year Japanese government bond yield at around the 0% level – something it has done since Sep 2016. Meanwhile, Japan's headline inflation has been hovering at 0.4% YoY in the last four consecutive months between April-July, although the risk of it falling back into deflation remains as wage growth is still not strong.

On the other hand, the core inflation rate, which excludes fresh food, inched up to +0.5% YoY in July from +0.4% in May-June and has been in positive territory for the last seven consecutive months. As inflation remains benign, we believe the BoJ would likely keep its monetary policy stance relatively unchanged, and a dial back in its QQE would likely lag behind its peers.

Figure 13: Regional economic indicators

ASEAN & CHINA ECONOMIC INDICATORS

Country	GDP growth (%)				Inflation (%)				Policy rate (end period,%)				Exchange rate (end period, vs. USD)			
	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017F	2018F
Indonesia	4.9	5.0	5.1	5.4	6.4	3.5	4.0	4.2	6.25	4.75	4.50	4.75	13856	13540	13300	13500
Malaysia	5.0	4.2	5.3	5.4	2.1	2.1	3.5	2.7	3.25	3.00	3.00	3.25	4.29	4.49	4.22	4.20
Philippines	5.9	6.8	6.3	6.3	1.4	1.8	3.3	3.4	4.00	3.00	3.25	3.75	46.86	49.62	52.0	52.5
Singapore	2.0	2.0	2.2	3.0	-0.5	-0.5	1.2	1.6	-	-	-	-	1.42	1.45	1.36	1.34
Thailand	2.8	3.2	3.7	4.2	-1.2	0.2	1.1	1.7	1.50	1.50	1.50	1.50	36.02	35.85	33.20	32.80
Vietnam*	6.7	6.2	6.3	6.1	0.6	2.7	3.5	3.4	6.50	6.50	6.00	6.00	22485	22770	23000	23330
China**	6.9	6.7	6.8	6.6	1.4	1.9	1.8	2.2	4.35	4.35	4.35	4.35	6.49	6.95	6.85	7.00

*prime rate; **1-yr lending rate*

Country	Exports growth (%)				Imports growth (%)				Industrial Production growth (%)				Unemployment rate (% labour force)			
	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017F	2018F
Indonesia	-14.6	-3.9	10.0	3.4	-19.9	-4.9	10.8	4.3	4.6	5.0	5.1	5.4	6.2	5.6	5.5	5.4
Malaysia	1.8	1.1	15.2	6.5	0.4	1.9	18.6	5.8	4.5	3.8	4.0	4.3	3.2	3.5	3.4	3.3
Philippines	-5.3	-4.4	6.2	4.1	8.7	11.6	1.9	6.0	-4.4	8.0	6.5	7.0	6.3	5.5	5.7	5.6
Singapore	-7.3	-4.4	6.5	3.0	-12.1	-4.2	1.6	2.8	-5.1	3.6	6.1	6.3	2.0	2.2	2.2	2.1
Thailand	-5.8	0.5	5.3	6.7	-10.7	-3.9	6.4	7.9	0.3	1.6	-0.5	1.5	0.9	0.9	1.0	0.9
Vietnam	7.7	9.2	12.0	9.5	10.7	5.6	14.5	8.7	9.8	7.5	7.9	8.1	3.4	3.3	3.5	3.6
China	-2.8	-7.7	1.1	-2.1	-14.1	-5.5	-0.1	-2.7	6.1	6.0	5.6	5.7	4.1	4.1	4.1	4.1

Country	Fiscal Balance (% GDP)				Current Acc. (% GDP)				Forex Reserves (USD bn)				External Debt (USD bn)			
	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017F	2018F
Indonesia	-2.5	-2.5	-2.6	-2.5	-2.0	-1.8	-2.0	-2.2	106	116	129	140	310	317	325	338
Malaysia	-3.2	-3.1	-3.0	-2.9	3.0	2.4	1.9	2.2	95	95	102	112	194	201	213	222
Philippines	-0.9	-2.4	-2.7	-2.8	2.6	0.2	0.3	0.6	81	81	84	88	77	75	73	71
Singapore	-1.0	1.3	0.5	0.5	19.7	19.0	19.2	19.5	248	247	249	252	-	-	-	-
Thailand	-2.4	-2.6	-2.8	-3.0	8.0	11.4	10.5	10.6	157	178	172	175	147	152	155	159
Vietnam	-5.3	-5.0	-5.3	-5.2	1.4	2.7	1.9	2.1	28	43	40	45	72	76	79	83
China	-3.4	-3.8	-4.2	-4.5	5.3	4.8	3.8	4.0	3330	3011	3000	2900	1416	1400	1450	1400

Country	Deposit Growth (%)				Loan Growth (%)				L/D Ratio (%)				Money Supply* (%)			
	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017F	2018F	2015	2016	2017F	2018F
Indonesia	8.0	9.6	11.0	11.9	10.1	7.8	10.0	12.8	94.2	92.7	93.5	94.3	9.0	10.0	11.0	11.4
Malaysia	1.8	1.5	4.1	5.0	7.9	5.3	5.7	5.5	88.7	89.8	90.5	90.9	2.6	3.0	4.5	5.0
Philippines	8.0	12.0	11.3	11.2	12.7	17.4	15.8	15.7	69.0	71.0	71.5	76.6	9.4	12.8	10.0	10.5
Singapore	0.2	2.7	3.2	5.4	0..0	0.5	4.2	5.8	108.5	107.9	104.5	104.9	4.1	8.1	5.6	6.2
Thailand	4.2	3.8	4.1	5.3	5.5	3.6	4.0	4.0	93.5	93.3	93.0	92.7	4.4	4.2	4.5	5.3
Vietnam	13.6	15.0	10.0	11.2	17.2	18.0	15.0	13.5	78.1	79.6	81.0	83.0	13.6	16.0	17.0	18.0
China	12.4	11.0	10.7	9.6	14.3	13.5	12.0	10.3	69.2	70.8	71.7	72.2	13.3	11.3	11.0	10.6

Note: As at 07 September 2017
*Note 2: *M2 is used for all countries except for Thailand M1 is used and Philippines M3 is used instead.*
*Note 3: **Starting 3 Jun 2016, the Philippines' policy rate was changed to purely BSP's overnight reverse repurchase (RRP) facility at 3.00%*
Source: International Monetary Fund (IMF), Various central banks, RHB

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