

Declining Exports Likely to Depress the Growth of Asia in the Near Term

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Asian economy, while continuing to grow steadily as a whole, has been slowing down a bit after the turn of the year. The main factor to this weaker growth is the decline of exports which used to be an engine for growth. The export amounts of 11 Asian economies peaked in the middle of last year turning toward a slower growth and since the beginning of this year they have recorded a negative growth (Table 1). In addition to the resource-rich Indonesia and Malaysia, such countries as Singapore and India that have high share of petroleum-related products in exports, and even some of the resource-poor countries like Korea and Taiwan are experiencing a large drop of export receipts.

By destination, exports recorded below the amounts of the previous year even to the US that has had a relatively steady growth with a buoyant domestic demand and to the Asian countries other than China, in addition to Europe with continued weak growth, and to China and other resourceful emerging economies that are experiencing an intensified deceleration since the start of the year. In the non-resource related items, electronic and electric appliances are commonly declining, and exports of metals, chemicals, and general machineries are also stagnating. As for the decline of the export of PC, a major composition of electronic and electric appliances, there is a possibility that the drop was induced by a high renewal demand of PC ahead of the end of support for old models by a major US IT company and by the shrinkage of regional trades that followed in reaction. Since the Asian region accounts for about 70% of the world production of the desktop PC (about 90% of notebook PC), the impact of a change in the world demand for the PC cannot be overlooked.

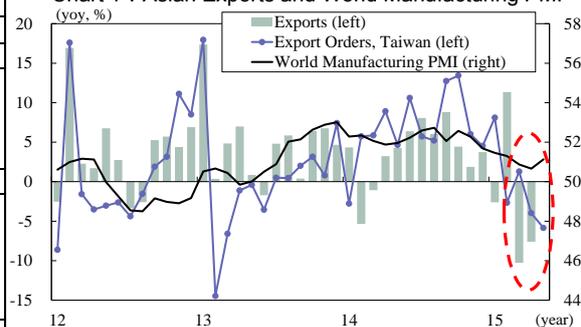
Looking ahead, the Asian economy will maintain a steady growth as a whole, as the continued lower prices of natural resources are expected to support the domestic demand mainly in the ASEAN countries and India. On the other hand, stagnant external demand is likely to depress the growth in the near term. The index of world manufacturing PMI, a composite index made of manufacturing PMI indices of the major destinations of Asian exports, indicates some improvement at the moment, suggesting a possibility that the export decline will be stopped (Chart 1). However, statistics related to the export orders of the Asian countries have not so far revealed any improvement of external demand. As the continued weak growth in Europe and deceleration in China are still anticipated, it should be noted that there is a possibility that the export will remain stagnant at least in the near term.

Table 1: Asian Exports

	2014			2015		
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	April	May
China	4.9	12.9	8.5	4.6	▲ 6.5	▲ 2.8
South Korea	3.2	3.6	0.9	▲ 3.4	▲ 8.0	▲ 10.9
Taiwan	2.9	6.6	0.4	▲ 4.2	▲ 11.7	▲ 3.8
Hong Kong	4.9	5.9	1.2	2.3	2.2	▲ 4.6
Singapore	2.4	▲ 0.1	▲ 7.1	▲ 11.5	▲ 15.7	▲ 15.6
NIEs	3.4	3.9	▲ 1.0	▲ 4.1	▲ 8.0	▲ 9.1
Indonesia	▲ 2.5	2.3	▲ 10.3	▲ 11.8	▲ 8.3	▲ 15.2
Malaysia	8.6	3.0	▲ 4.1	▲ 11.1	▲ 18.3	n.a.
Thailand	▲ 0.0	▲ 1.8	1.6	▲ 4.7	▲ 1.7	▲ 5.0
Philippines	12.9	12.6	5.7	▲ 0.2	▲ 4.1	n.a.
Vietnam	15.7	11.9	10.8	9.0	2.1	10.4
ASEAN5	5.2	3.7	▲ 0.9	▲ 5.5	▲ 7.4	n.a.
India	8.4	1.2	0.7	▲ 15.1	▲ 14.8	▲ 20.2
Asia 11	4.6	7.6	3.4	▲ 1.5	▲ 7.6	n.a.

(Source) Compiled by Economic Research Office of BTMU, based on the data of national statistics.

Chart 1 : Asian Exports and World Manufacturing PMI



(Note)1. "Exports" represent a total of those of 11 economies in Asia.

2. "World Manufacturing PMI is a composite of ISM Manufacturing Index of the US, and individual Manufacturing PMI for Europe, Japan, China and Emerging Economies, weighted by the share of exports in 2014.

(Source) Compiled by Economic Research Office of BTMU, based on the data of national statistics, US Institute for Supply Management and HSBC Statistics.

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