The Source for Critical Information and Insight™

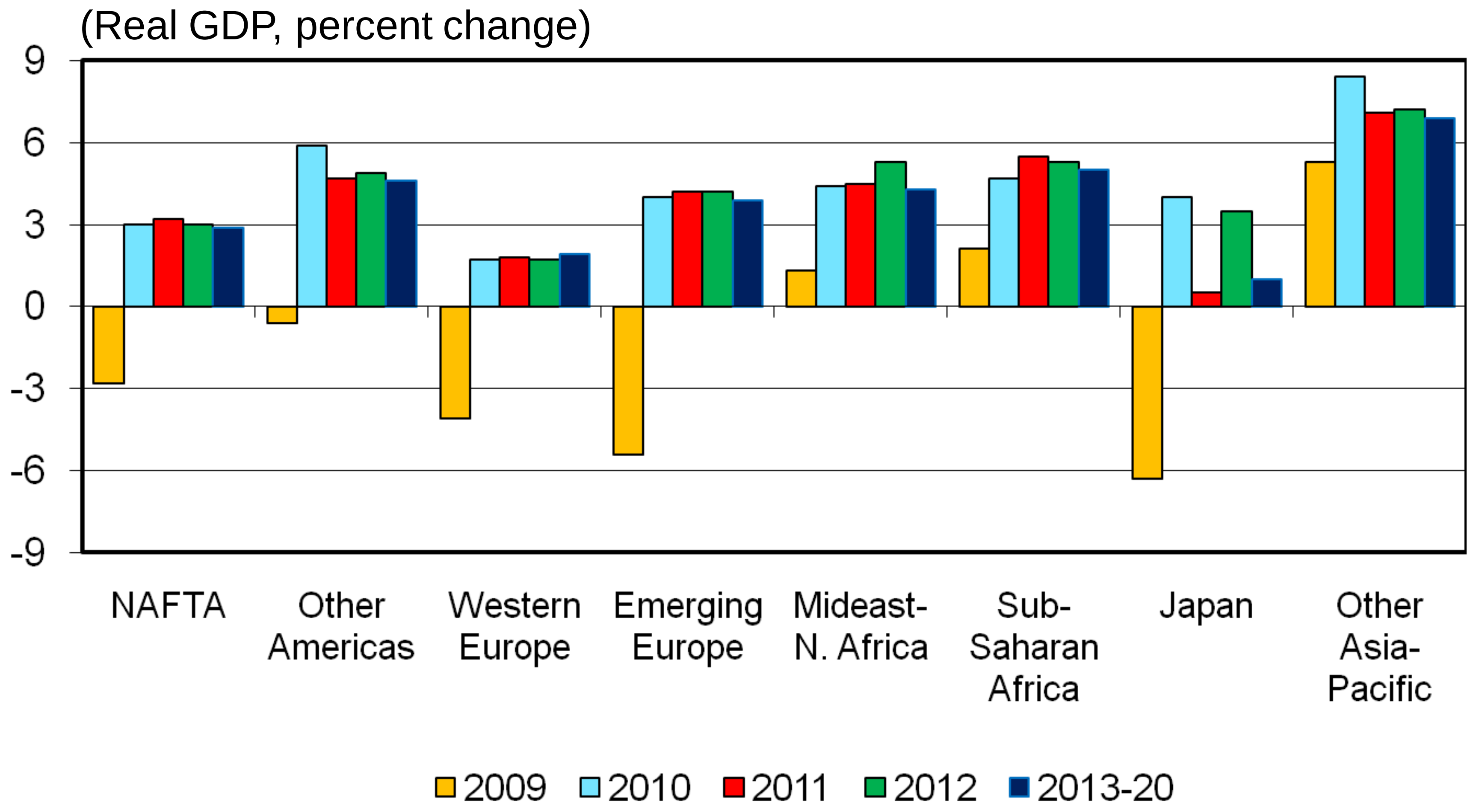
IHS Briefing

ASEAN: Economic & Investment Outlook

Rajiv Biswas, Asia-Pacific Chief Economist
IHS Global Insight

May 2011

Faster Growing Regions of the World Will Be Able to Withstand the "Double Shocks" Better

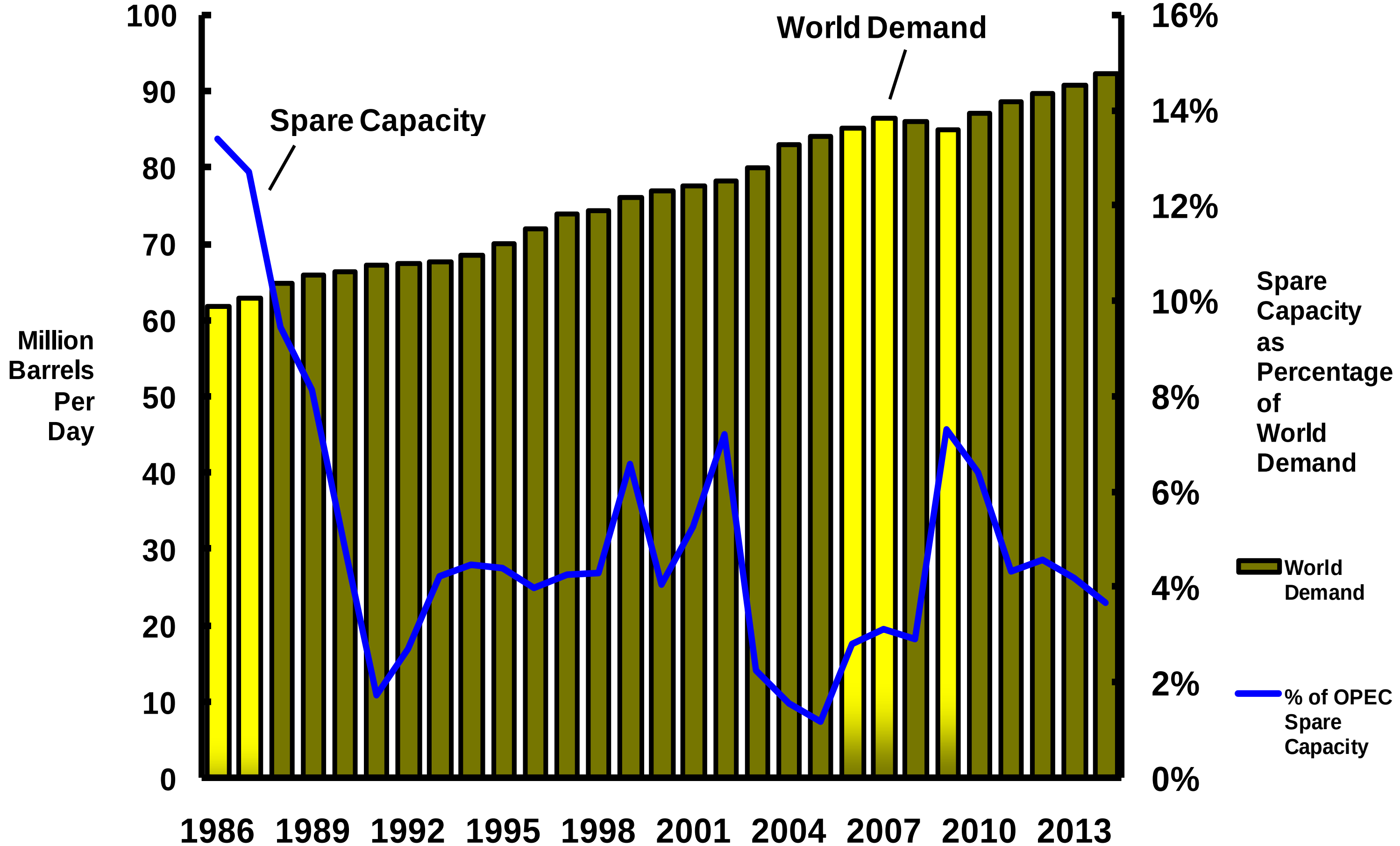


World Growth Outlook for 2011-12

(Real GDP growth, percent change from a year earlier)

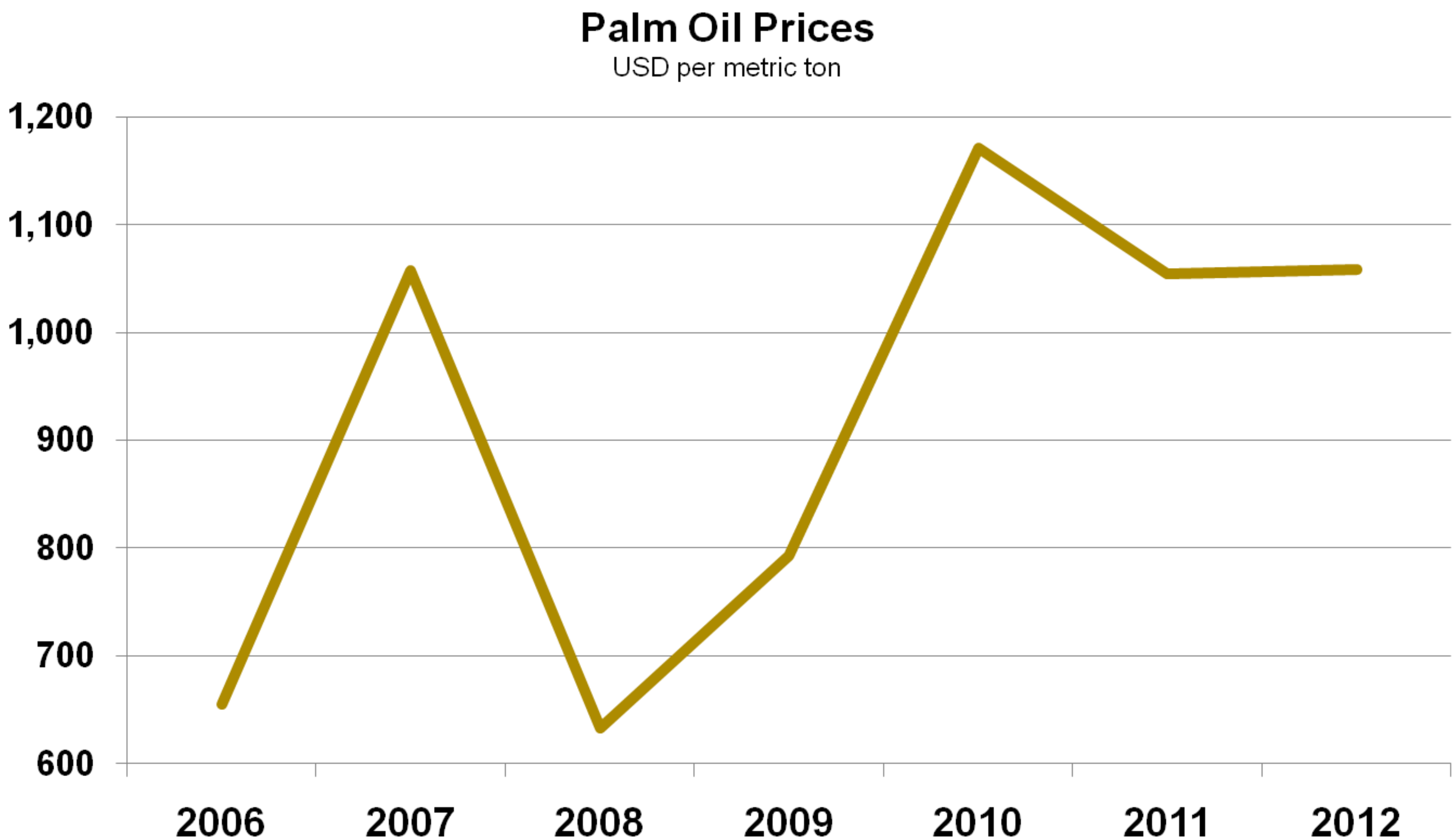
	2010	2011	2012
US	2.9	2.8	2.9
Eurozone	1.7	1.7	1.6
UK	1.3	1.5	2.2
Japan	4.0	0.0	3.6
China	10.3	9.3	8.6
India	8.5	8.3	8.5
APAC ex Japan	8.4	7.1	7.2
Russia	3.6	4.4	4.1
Brazil	7.5	4.4	5.5
Middle East	4.3	6.0	5.4
World	4.1	3.5	4.0

Oil: Spare Capacity Cushion Deteriorating



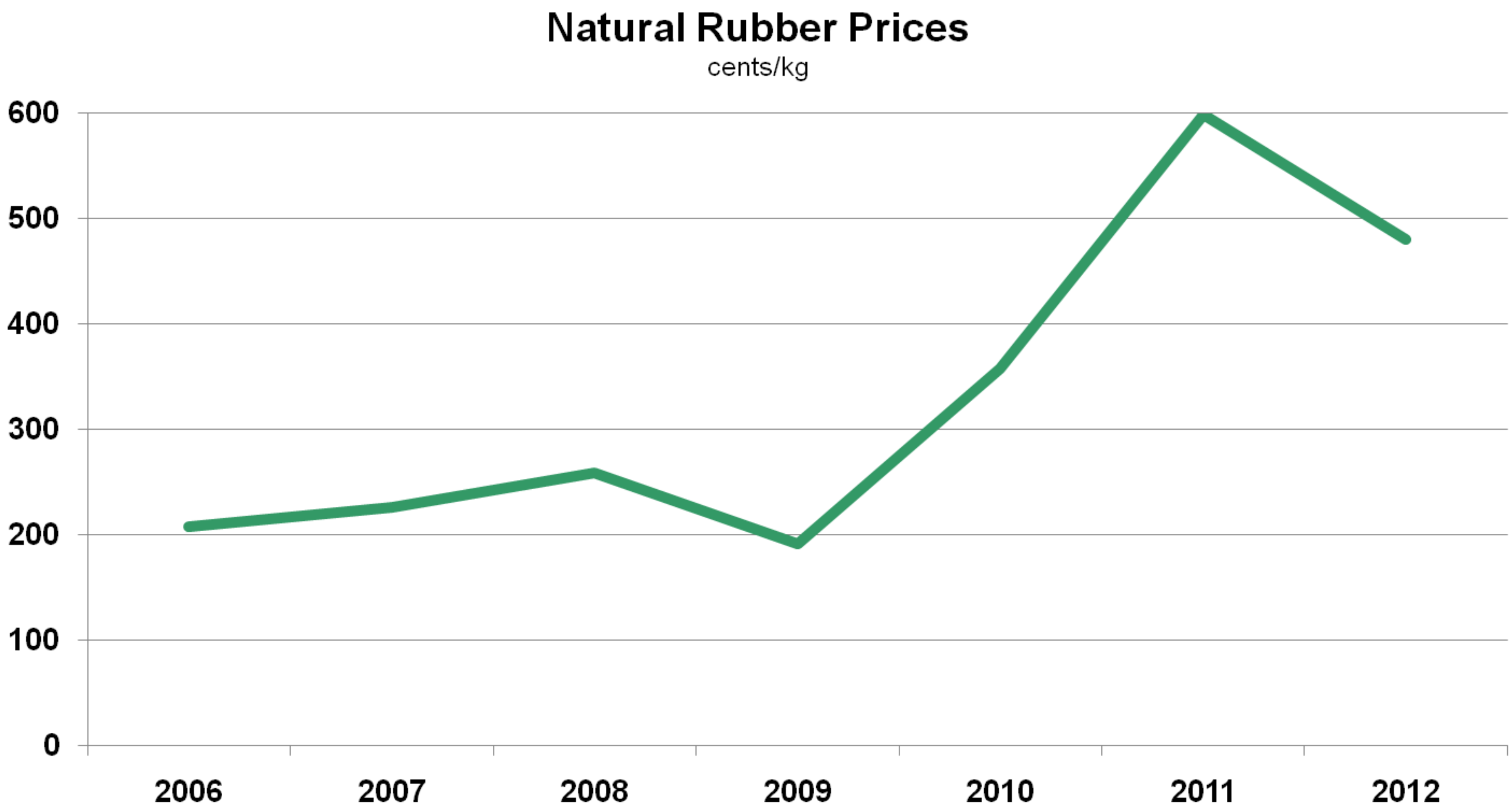
Source: IHS CERA

Commodity Price Outlook - CPO



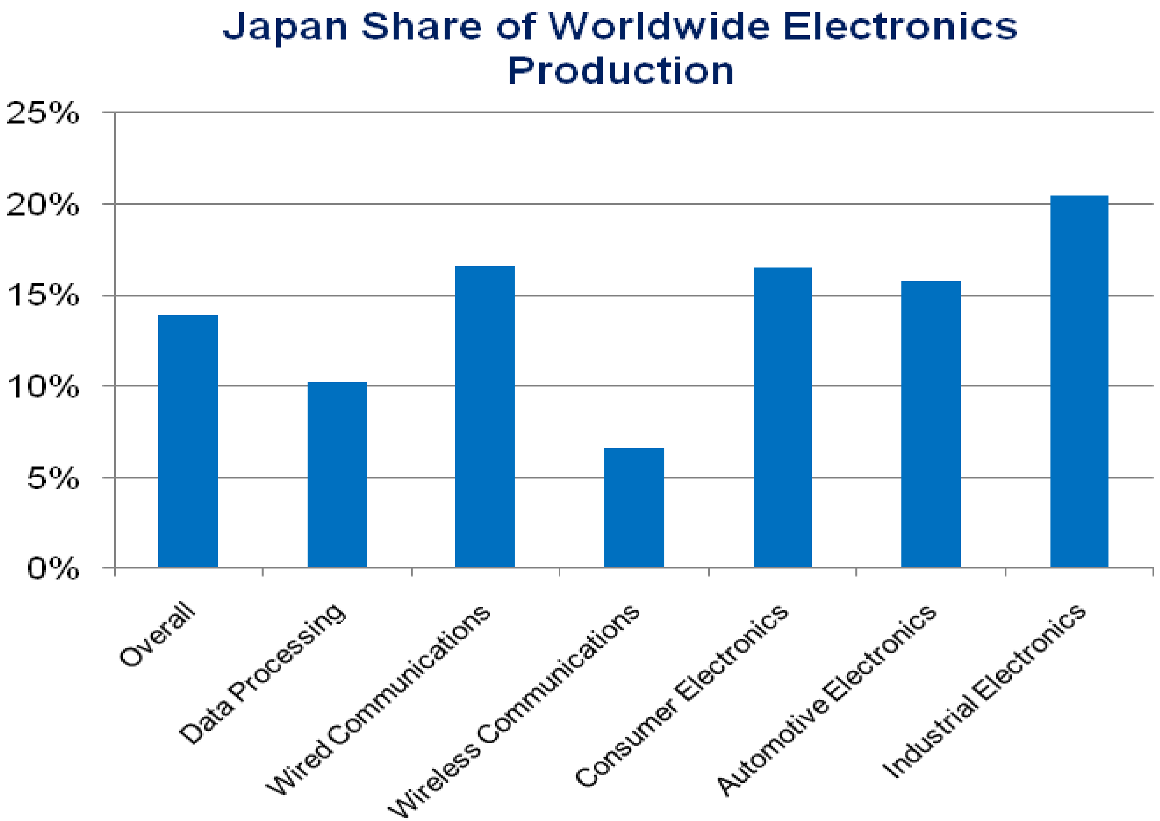
Source: IHS Global Insight

Commodity Price Outlook - Rubber



Source: IHS Global Insight

Supply Chain: Japan's Leading Role in Electronics



Source: IHS iSuppli

JAPAN AS A KEY SUPPLIER

- Supplies 60% of Worldwide Silicon Wafers
- TFT LCD panel capacity equals 12% of world supply
- Leader in battery technology and production

ASEAN Growth Outlook for 2011-12

(**Real GDP growth**, percent change from a year earlier)

	2010	2011	2012
Brunei	1.0	1.2	1.7
Cambodia	5.4	6.2	6.6
Indonesia	6.1	6.0	6.4
Laos	7.7	8.0	7.5
Malaysia	7.2	3.8	5.0
Myanmar	5.0	5.6	4.9
Philippines	7.4	4.9	5.1
Singapore	14.5	5.6	4.5
Thailand	7.8	3.9	5.1
Vietnam	6.9	6.5	7.3
ASEAN	7.8	5.1	5.5

Source: IHS Global Insight

Asia-Pacific Trade Shares with Japan

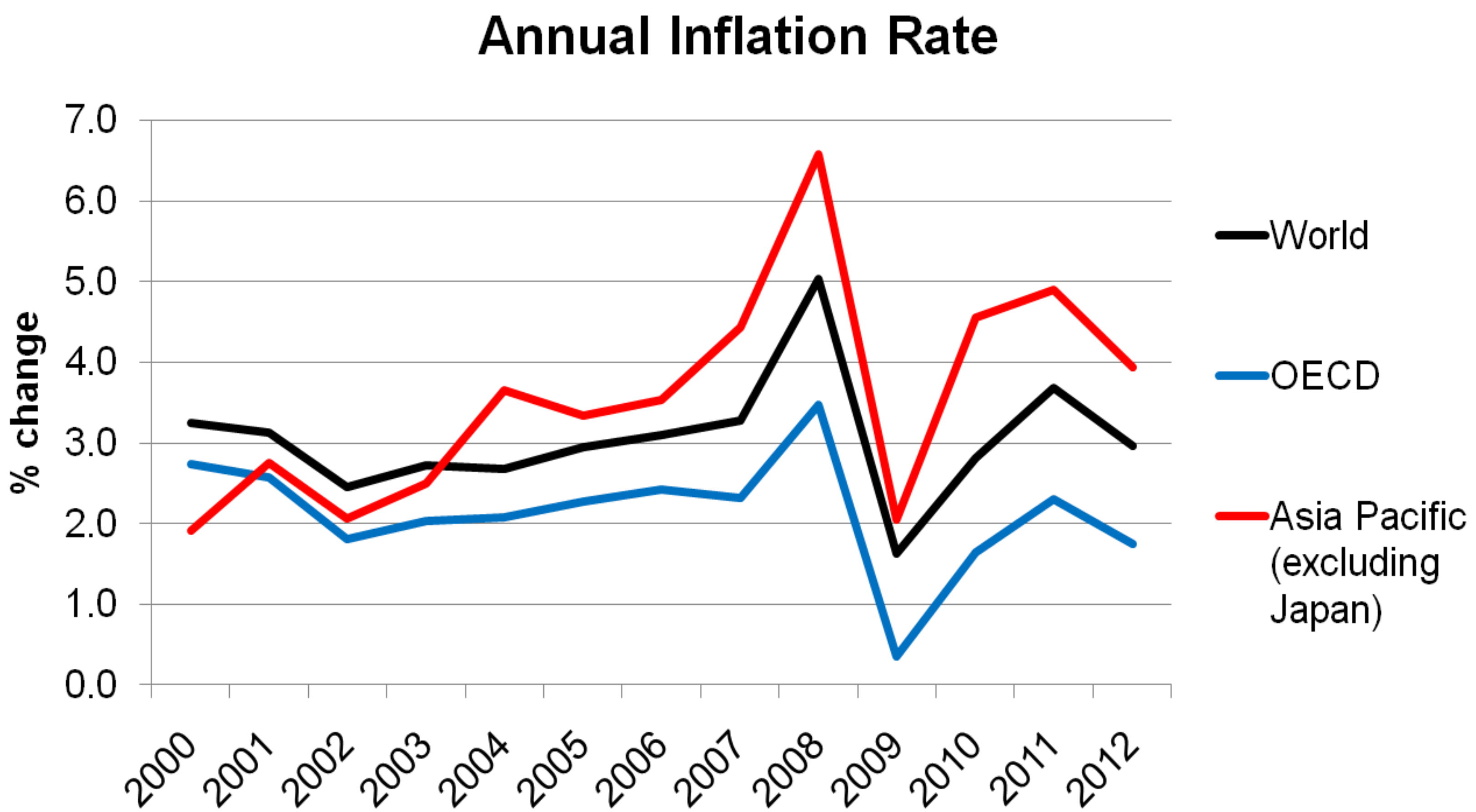
(Percent of total trade, 12-month average to October 2010)

Source: IMF, Direction of Trade Statistics

Japan Crisis: Transmission Effects to Rest of Asia

- Japan is still a major trade partner for much of APAC, but its relative significance has declined due to its protracted economic malaise and the rise of China.
- With Japan's GDP growth forecast in 2011 only moderately lower due to the anticipated "V" shaped quarterly growth profile this year, the overall impact on the rest of APAC growth is expected to be low, but near-term transmission effects in H1'11 due to supply chain disruptions could be significant.
  - A key near-term risk to the Asian economic outlook is supply chain vulnerability, as Japanese production of key components for sectors such as autos and electronics are important for some segments of manufacturing sectors in the rest of Asia, notably China, South Korea, Taiwan and Thailand. Supply chain problems are compounded by disruption of Japanese electricity supply.
  - Transmission effects are also likely in the food industry, with short-term shift of supply sources away from Japan and greater Japanese demand for rest of APAC imports.
- In 2012, the reconstruction boost to Japanese economic growth will have positive transmission effects for rest of APAC.
- Longer-term effects could be greater Japanese restructuring of supply chains to include geographical spread to other Asian supply locations.
- The Fukushima crisis may result in significant changes in energy policy in Asia, reducing plans for nuclear energy and boosting LNG and renewables.

Asia-Pacific:
Inflation Risks Still a Key Policy Concern



Source: IHS Global Insight

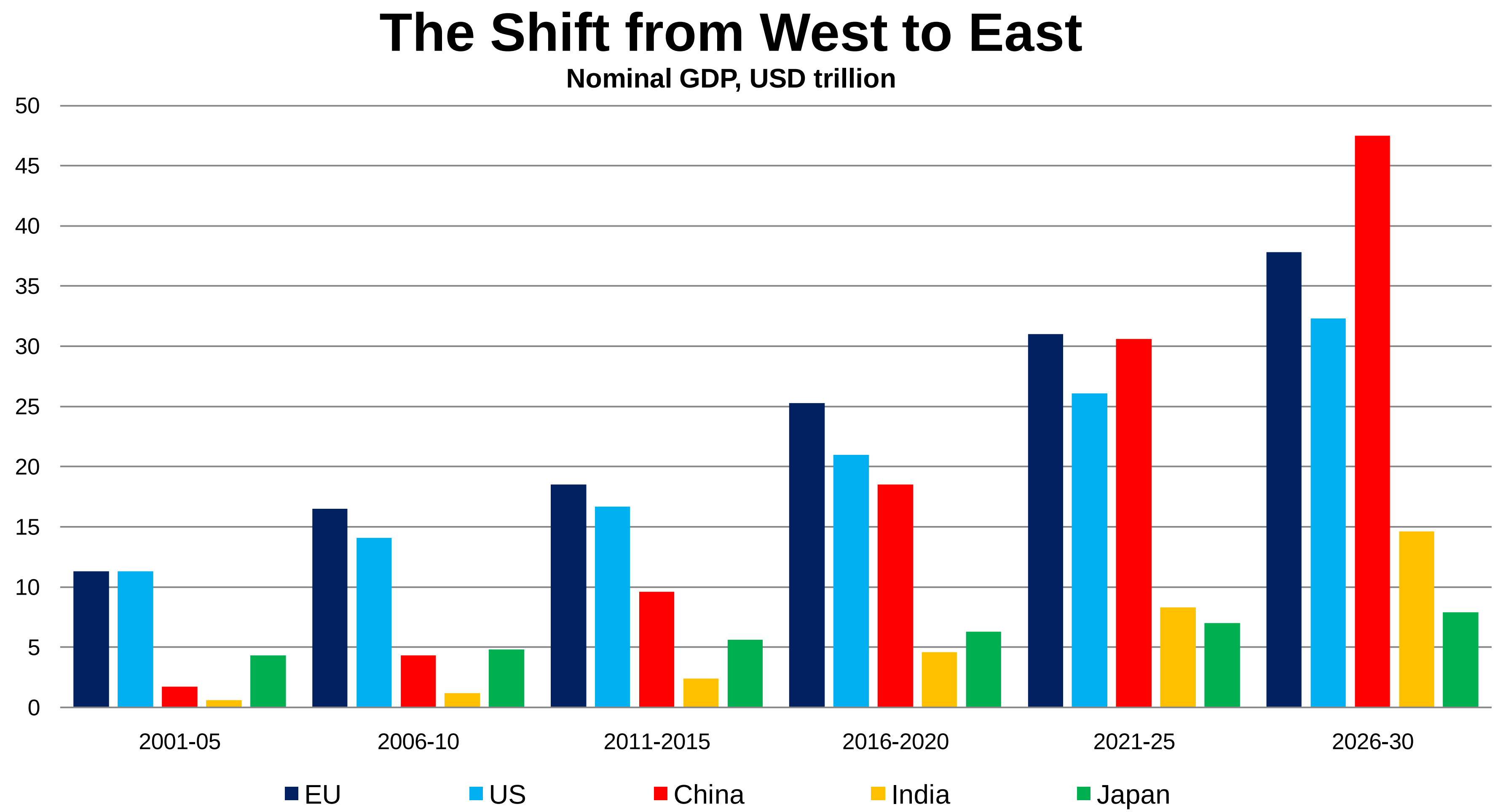
ASEAN Inflation Outlook for 2011-12

(**CPI Inflation**, percent change from a year earlier)

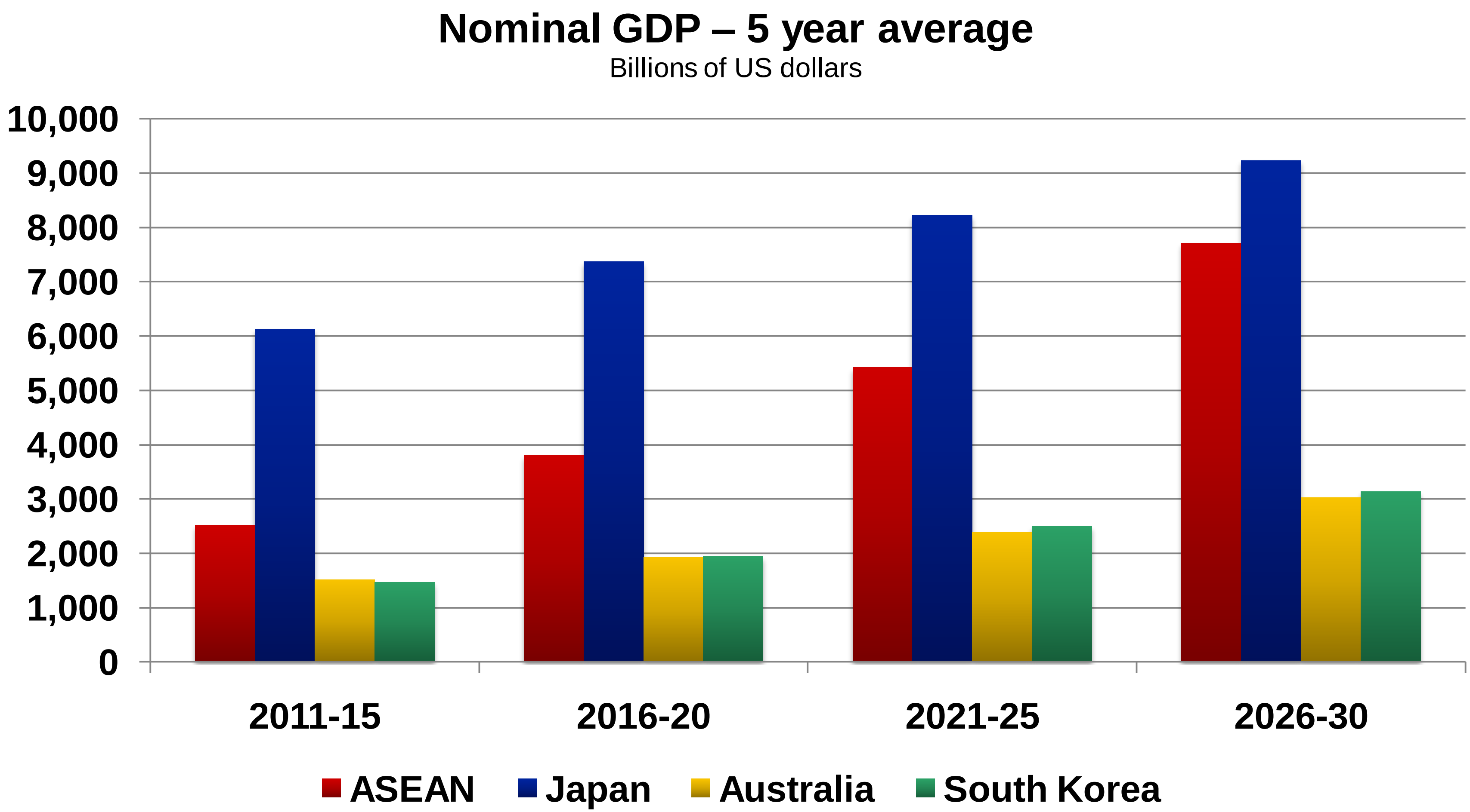
	2010	2011	2012
Brunei	1.3	1.6	1.6
Cambodia	3.9	4.8	5.5
Indonesia	5.3	6.2	5.4
Laos	6.0	6.8	5.3
Malaysia	1.6	3.2	2.3
Myanmar	7.9	12.1	9.1
Philippines	3.8	4.1	4.0
Singapore	2.8	4.6	2.9
Thailand	3.3	3.2	2.9
Vietnam	8.9	13.8	5.2

Source: IHS Global Insight

Economic Power Shifting to Asia

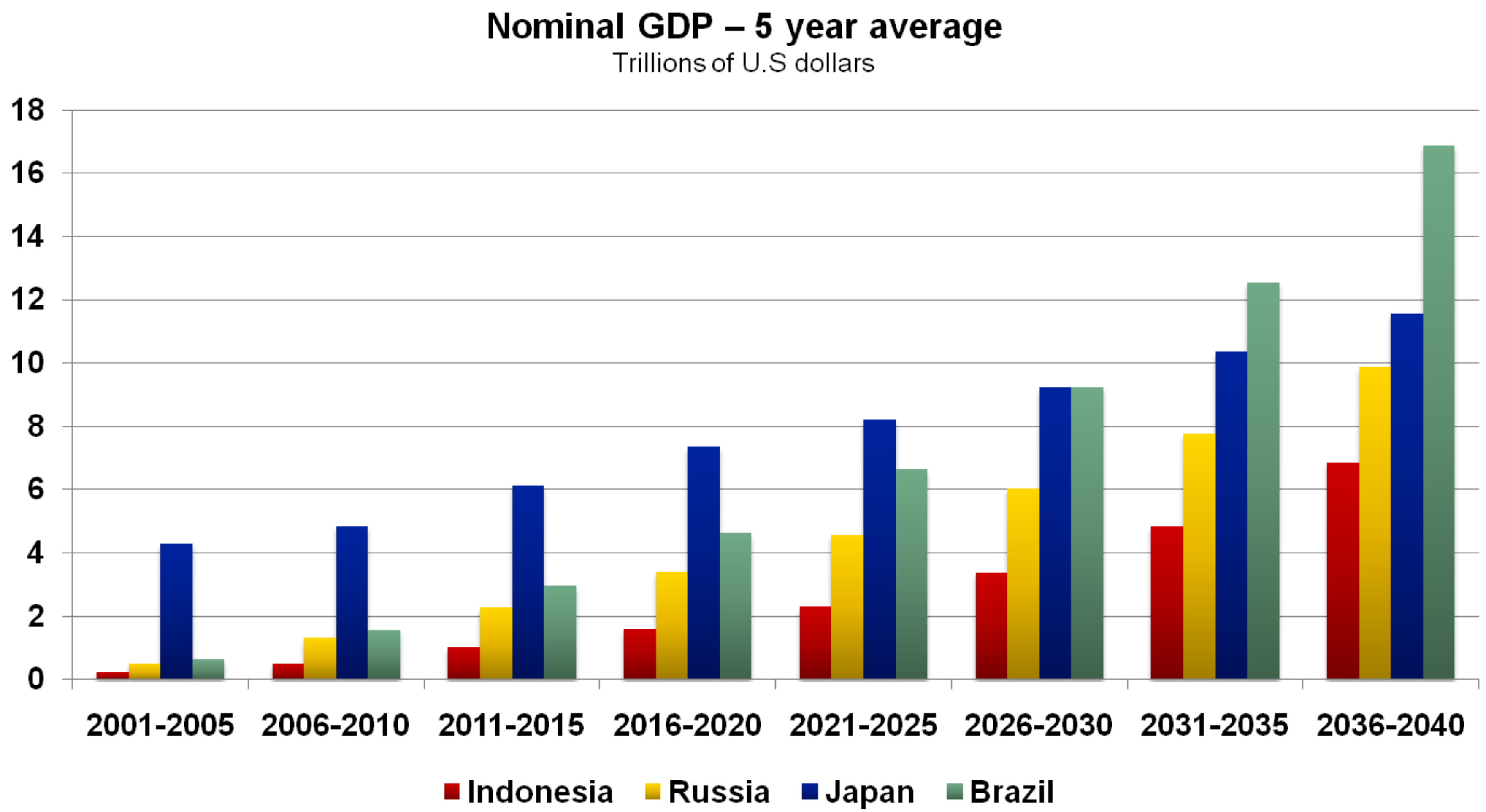


ASEAN vs Other Asia-Pacific Economies



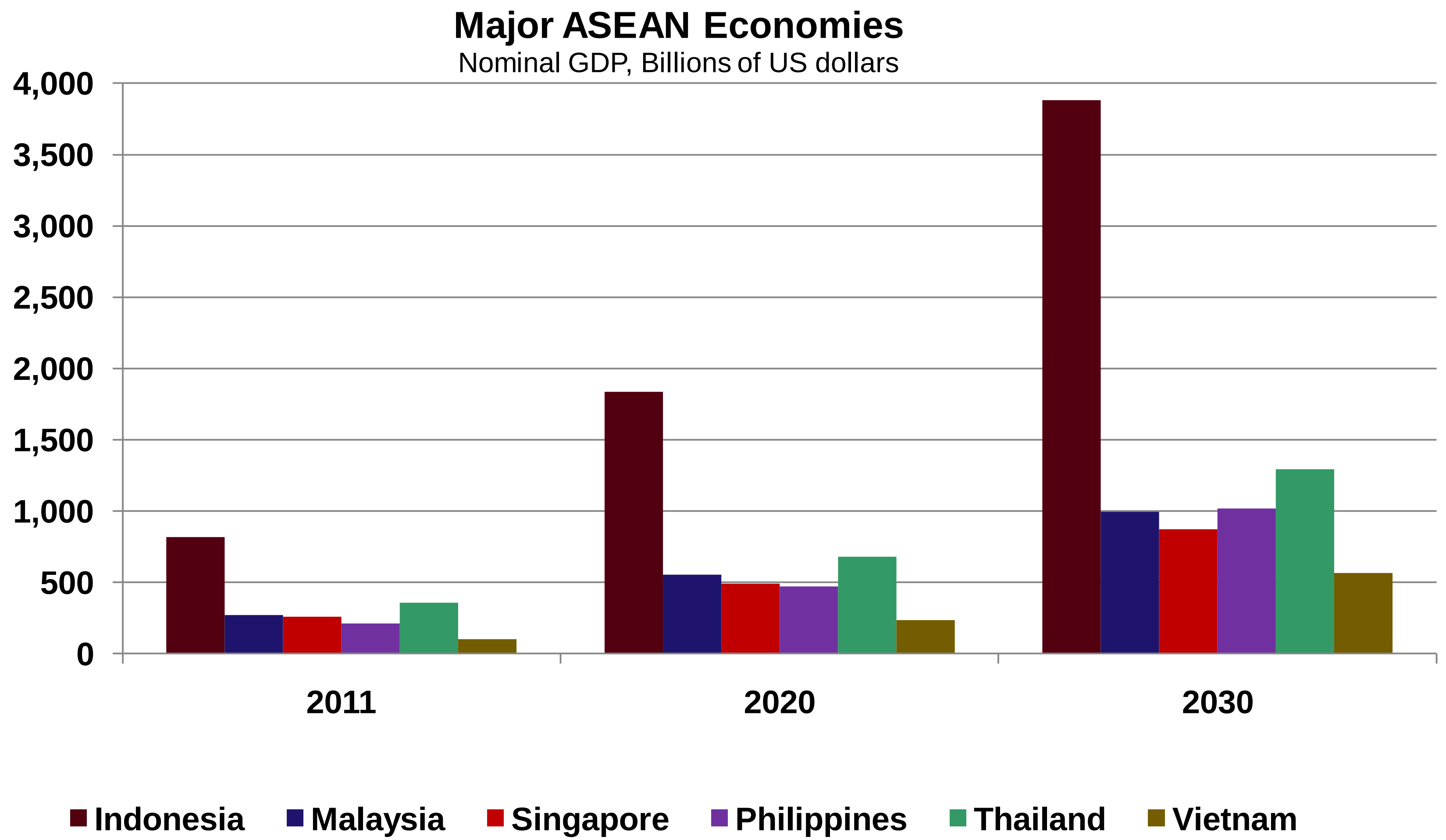
Source: IHS Global Insight

Indonesia: The Next BRIC Country



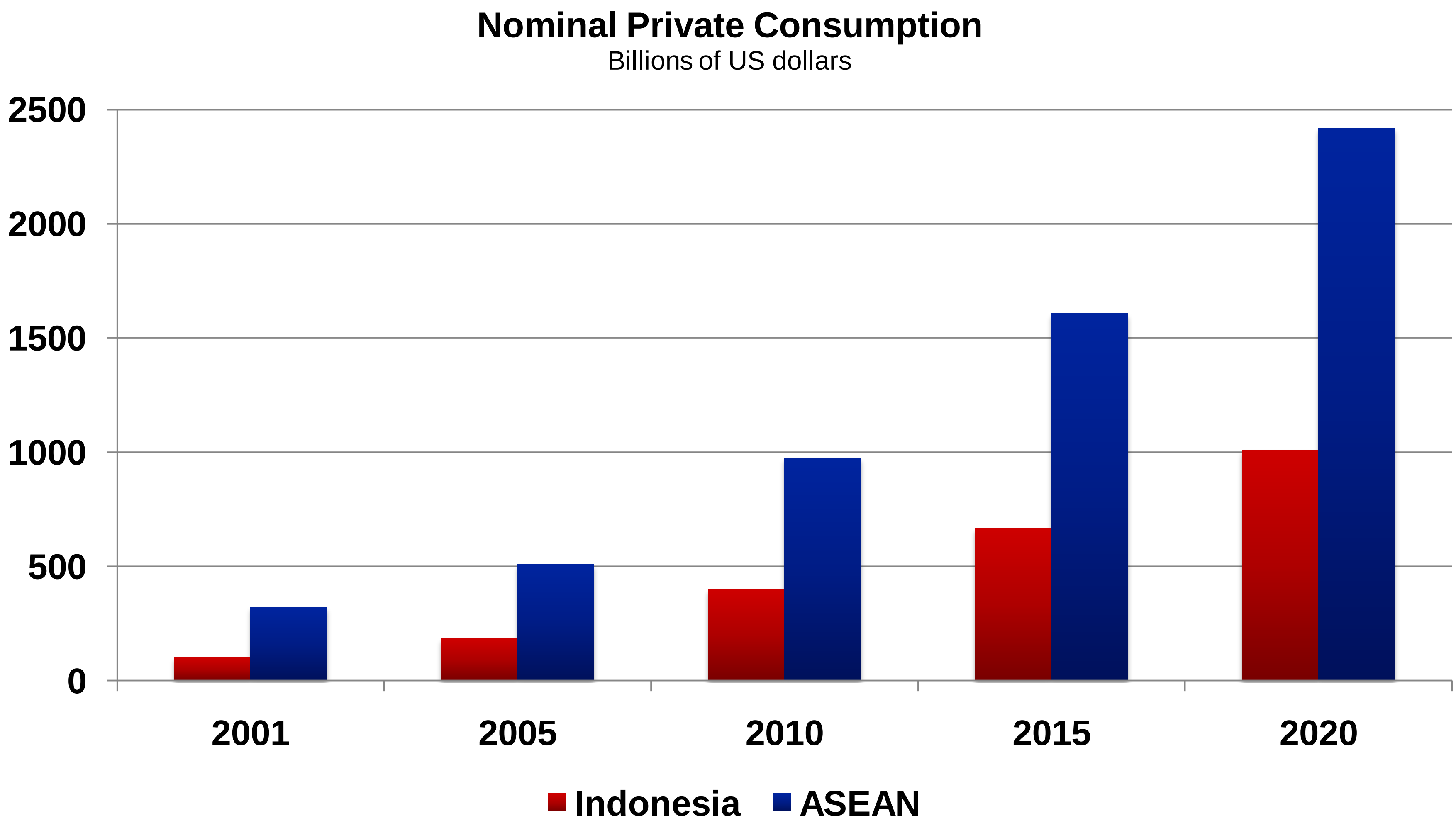
Source: IHS Global Insight

ASEAN 6 Economies



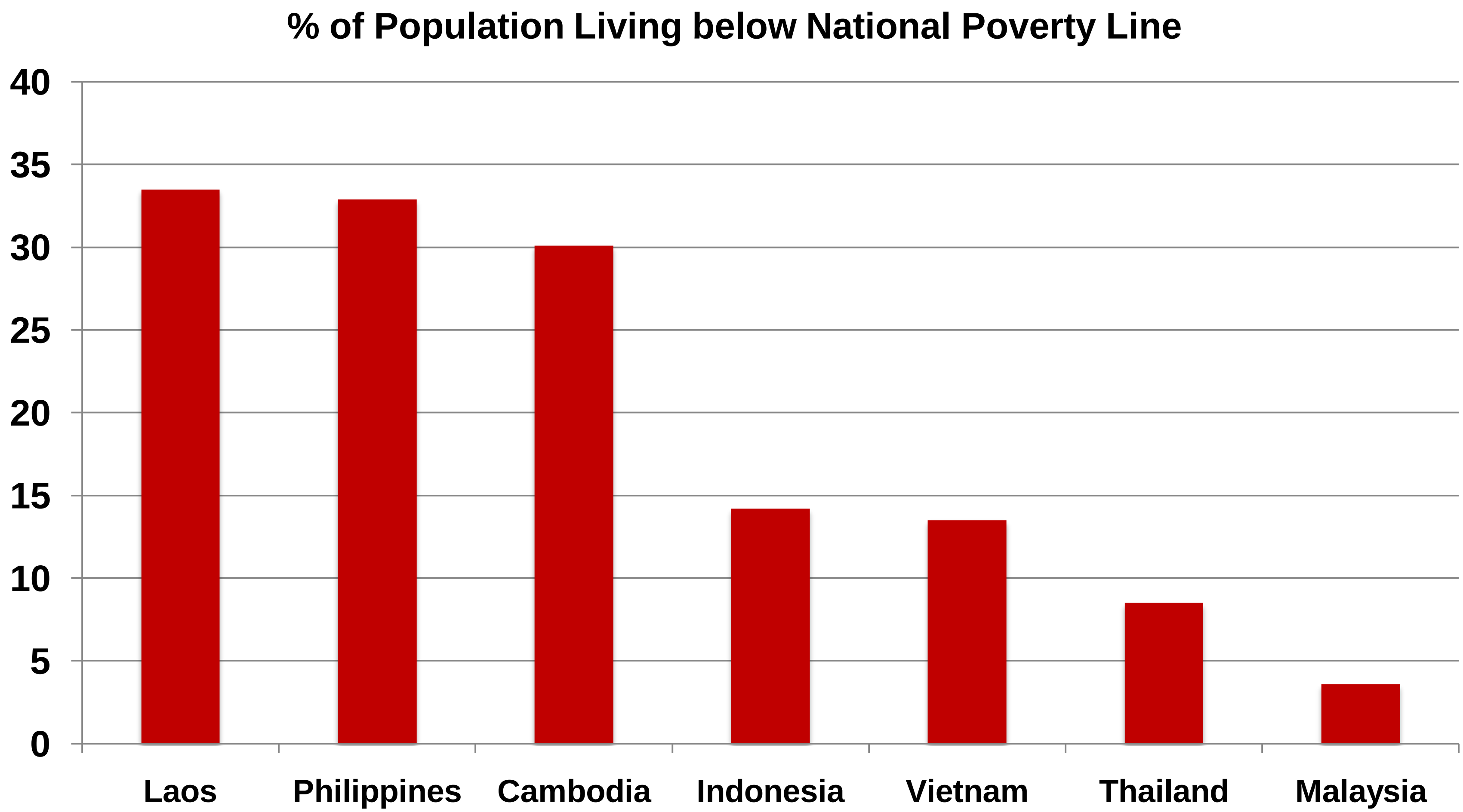
Source: IHS Global Insight

Private Consumption



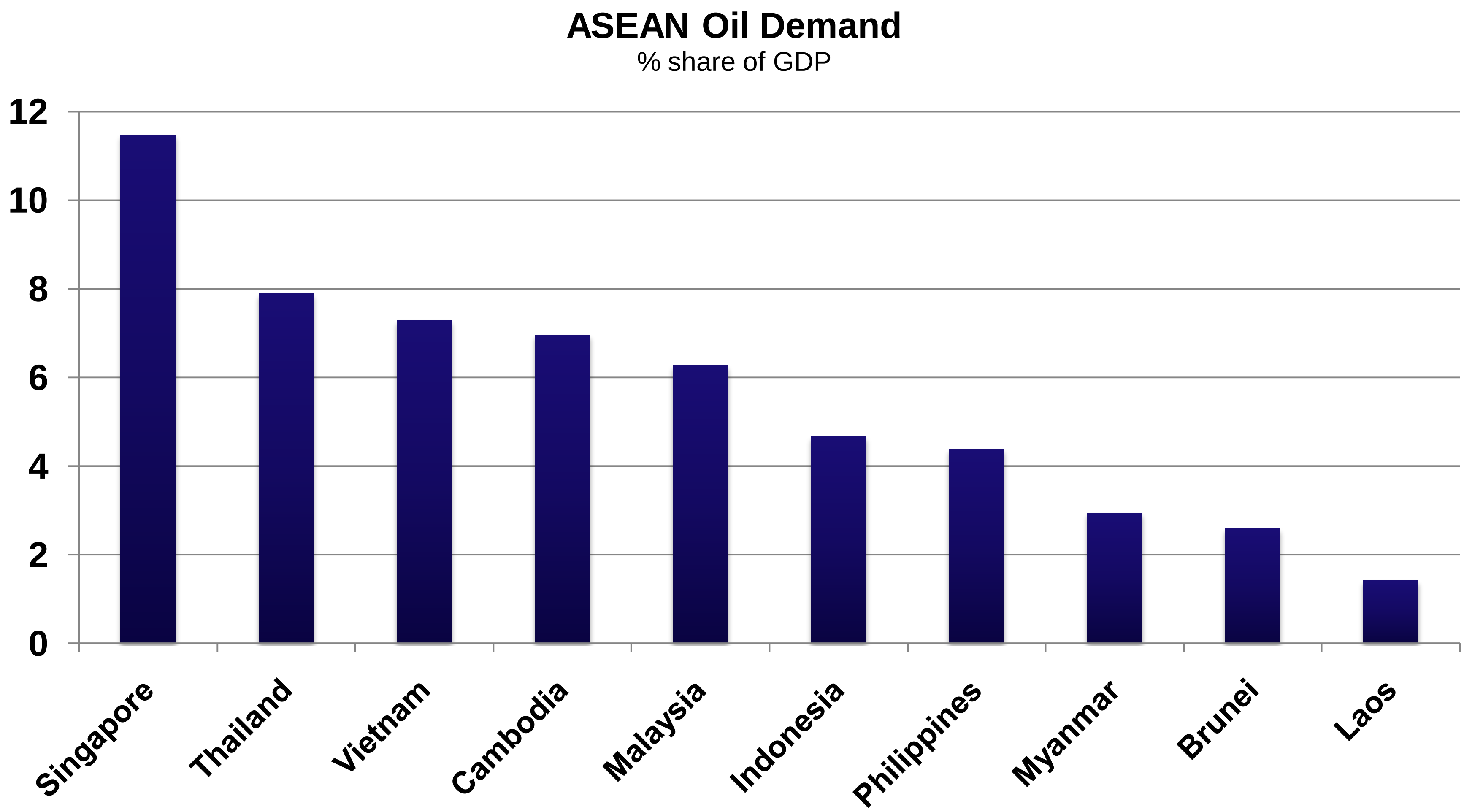
Source: IHS Global Insight

ASEAN: Poverty



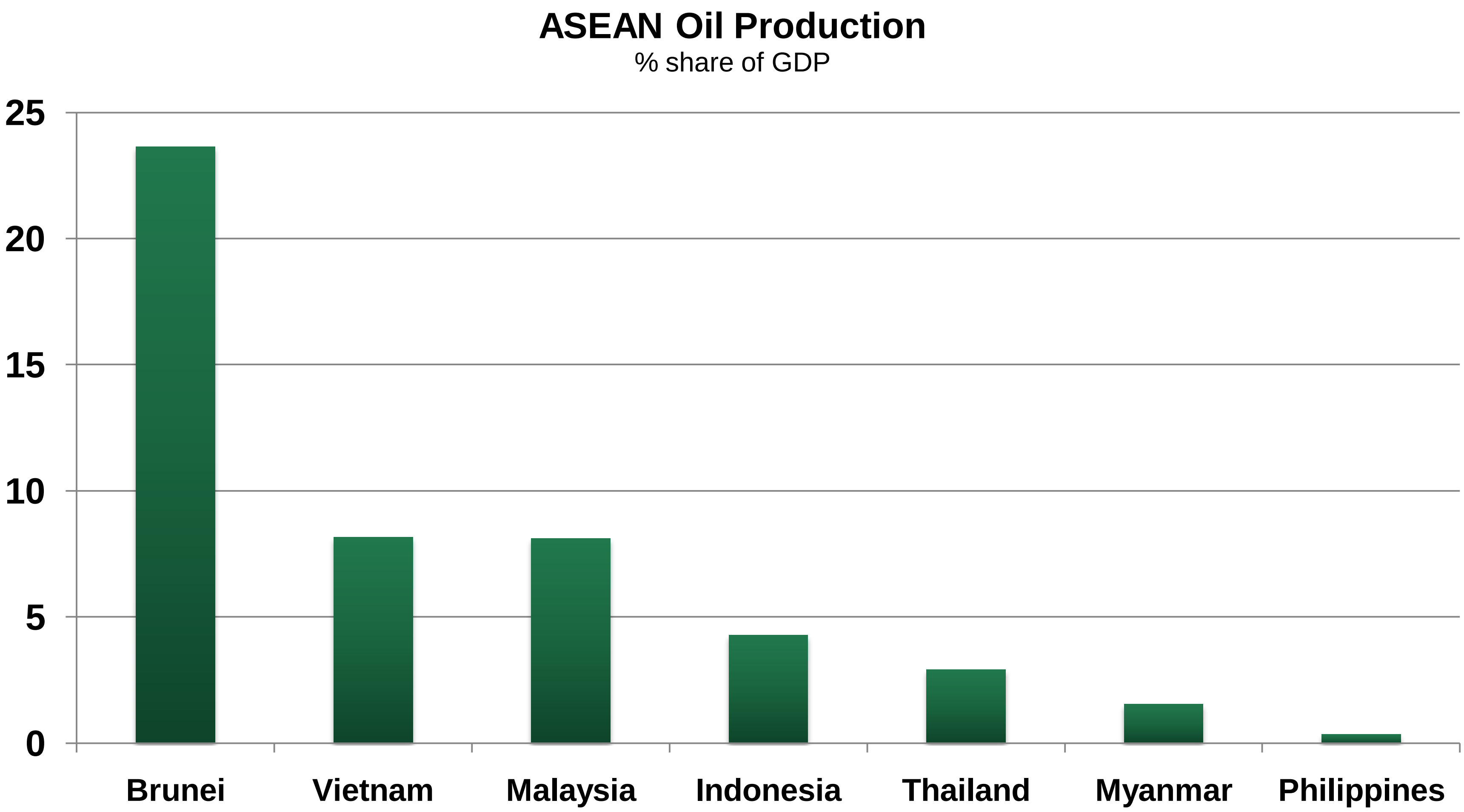
Source: Asian Development Bank Statistics

ASEAN's Exposure to Oil Prices



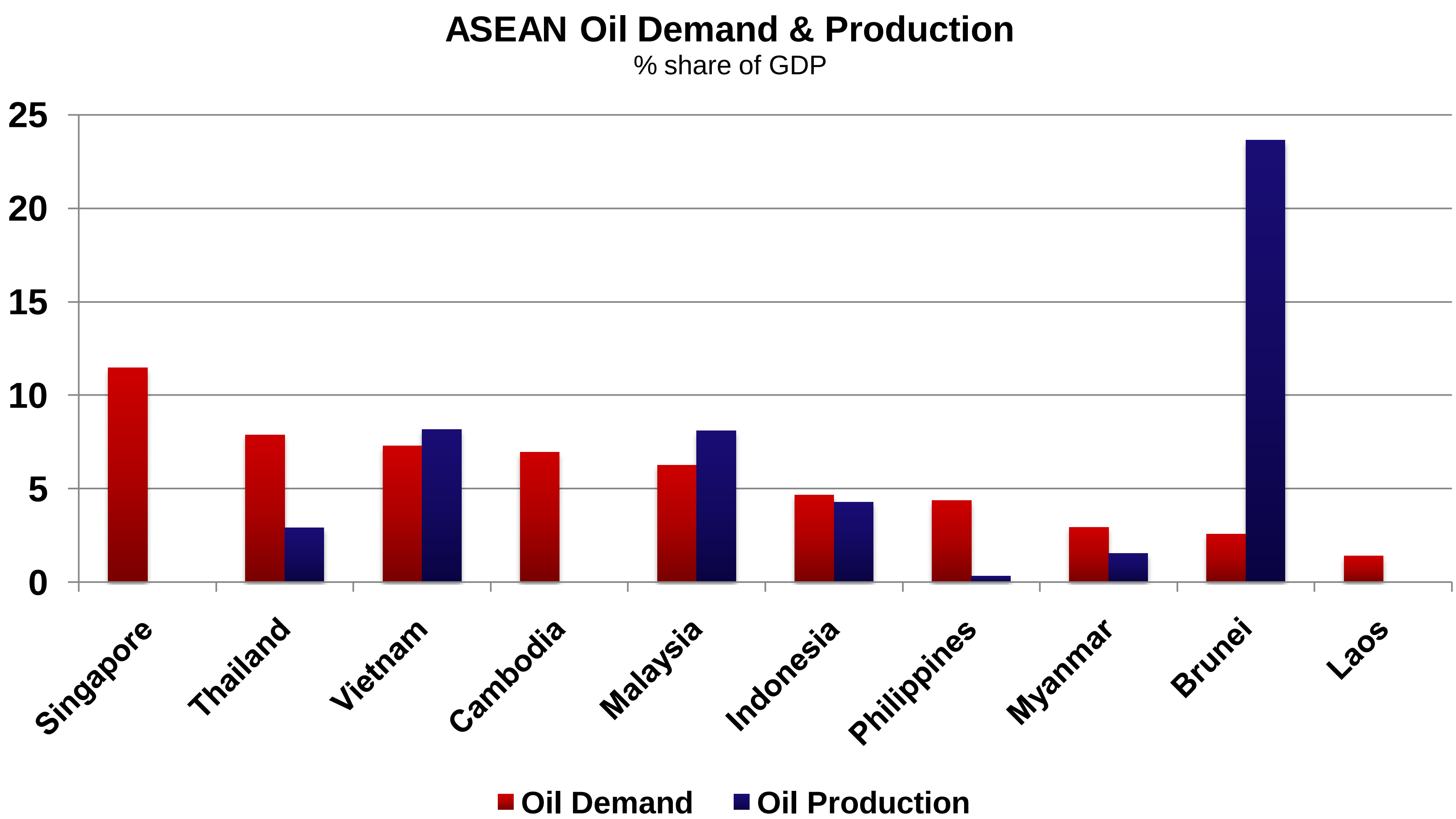
Source: IHS Global Insight; EIA, International Energy Statistics

ASEAN Oil Production



Source: IHS Global Insight; EIA, International Energy Statistics

Winners and Losers to Increase in Global Oil Prices



Source: IHS Global Insight; EIA, International Energy Statistics

Thank you!

Rajiv.biswas@ihs.com