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Global Economics & Market Strategy

The Inflation Enigma – Watch Out for Higher CPI

- **We offer a contrarian view on global inflation against market calls for inflation to fade in 1H24. Specifically, we are seeing persistent signals for ASEAN consumer prices to accelerate higher in 1Q24, with the balance of risks tilted towards 1H24.**
- **Three key reasons why inflation will heat up – (1) stronger demand-pull drivers, (2) adverse weather & geopolitical conditions and (3) China's economic recovery.**
- **Higher ASEAN-led inflation will spill-over into higher export prices, thus impacting second order effects into US inflation over the same period.**

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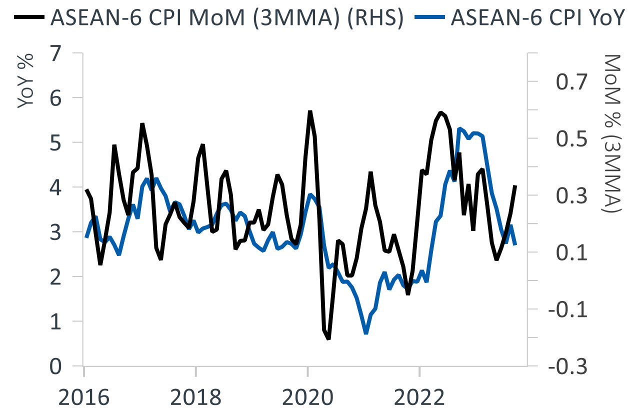
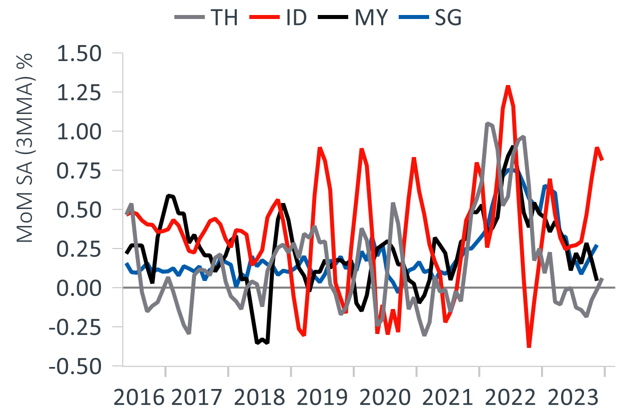
Figure 1: ASEAN-6 inflation momentum has heated up since 3Q23…



Source: Macrobond, RHB Economics & Market Strategy,

Figure 2: … led by first order impact from higher food CPI in key ASEAN economies



Source: Macrobond, RHB Economics & Market Strategy

Dispelling the doubt, inflation will come back

We offer a contrarian view on global inflation against market calls for inflation to fade in 1H24. Specifically, we are seeing persistent signals for ASEAN consumer prices to accelerate higher in 1Q24, with the balance of risks tilted towards 1H24. Our leading indicators for global food prices, and consequently, global consumer prices, have signalled higher inflation momentum to us in the immediate months ahead. In fact, the evidence for higher consumer prices has already been present since late 3Q23, thus shaping our forecast for sticky inflation, which has materialised nicely towards the end of 2023.[1] Given the relative accuracy of our leading models for inflation, coupled with the recent exacerbation of geopolitical tensions, it becomes crystal clear to us that global inflation isn't going away anytime soon.

We observe three key reasons why inflation will heat up – (1) stronger demand-pull drivers, (2) adverse weather and geopolitical conditions, and (3) China's economic recovery. We discuss these drivers in the sections below.

Stronger Demand-Pull Drivers: We are relatively sanguine regarding global economic growth in 2024. We expect global growth to accelerate in 2024. The catalysts for our view are threefold: (1) rate normalisation may materialise in 2H24; (2) dissipation of inflation risks over the same period towards key central banks' objectives and (3) potential China's economic recovery in 2024. For more details, please refer to our Path Finder Report 2024.

We look for an acceleration in global growth this year, led by further recovery in the US and China economies. We expect US and China GDP growth to come above consensus, at 2.2% (BBG: 1.3%) and 5.0% (BBG: 4.5%), respectively. We expect global growth to be underpinned by manufacturing and trade activities, a phenomenon that has already materialised in 2H23. Specifically, global industrial production (IP) momentum has accelerated in 4Q23 on the back of a bottoming semiconductor and electronic trade cycle. Specifically, the World Semiconductor Trade Statistics (WSTS) forecasts global semiconductor billings to rise by 13.1% in 2024, against a contraction of 9.4% in 2023,[2] led by growth, especially in the Americas (+22.3% YoY) and Asia Pacific (+12.0% YoY).

Figure 3: WSTS forecasts: Semiconductor billings to be led by Americas and Asia Pacific

	Amounts in US$ Million			YoY Growth (%)		
	2022	2023	2024	2022	2023	2024
Total World	**574,084**	**520,126**	**588,364**	**3.3**	**-9.4**	**13.1**
Americas	141,136	132,536	162,154	16.2	-6.1	22.3
Europe	53,853	57,048	59,480	12.8	5.9	4.3
Japan	48,158	47,209	49,275	10.2	-2.0	4.4
Asia Pacific	330,937	283,333	317,455	-3.5	-14.4	12.0
Total Products	**574,084**	**520,126**	**588,364**	**3.3**	**-9.4**	**13.1**
Discrete Semiconductors	33,993	35,951	37,459	12.0	5.8	4.2
Optoelectronics	43,908	42,583	43,324	1.2	-3.0	1.7
Sensors	21,782	19,417	20,127	13.7	-10.9	3.7
Integrated Circuits	474,402	422,174	487,454	2.5	-11.0	15.5
Analog	88,983	81,051	84,056	20.1	-8.9	3.7
Micro	79,073	76,579	81,937	-1.4	-3.2	7.0
Logic	176,578	174,944	191,693	14.0	-0.9	9.6
Memory	129,767	89,601	129,768	-15.6	-31.0	44.8

Source: World Semiconductor Trade Statistics (WSTS), RHB Economics & Market Research

Economic tenets, however, postulate that higher GDP growth could lead to demand-led inflation. The immediate first-order condition impact, already evident in the US, China, and ASEAN, is the resultant tightening of their respective labour market and domestic demand and retail sales. Specifically, we are seeing a revival of retail sales and domestic expenditure momentum in these regions, not to mention the improvement in tourism activities and lower unemployment data given the more robust economic backdrop. Separately, stronger IP momentum in 2024 should also be led by higher commodity prices, especially energy and base metals. Note that Brent and Copper prices are statistically relevant to global

[1] See our inflation papers for Malaysia, Singapore, Thailand and Indonesia
[2] The World Semiconductor Trade Statistics (WSTS), WSTS Semiconductor Market Forecast Fall 2023, 28 Nov 2023

IP growth, as seen in Figure 4; Brent and Copper enjoy p-value values at 0.0 (relevancy threshold is below 0.05), against the dependent variable (Global IP YoY %).

Our comments for inflation for specific economics are discussed below, whereby we think that higher ASEAN-led inflation will spill over into higher export prices, thus impacting second-order effects on US inflation.

US: The path towards US inflation of 2.0% is still bumpy. Recent US inflation data out did not give any comfort; US headline CPI surprised higher against market expectations, thus potentially denting hopes that a rate cut as early as March 2024 will materialise. Specifically, US inflation in December rose 3.4% YoY, against Bloomberg's forecast of 3.2% YoY. On a month-on-month (MoM) basis, both headline and core inflation rose 0.3%, which is a tad too high against our view that 0.1 – 0.2% MoM prints must accompany the path towards core inflation of 2.0% YoY. These data support our view that the US policy stance should remain high for longer, at the current perceived peak of 5.25 – 5.50%, at least for 1H24. Latest Fedspeak, including Cleveland Fed Loretta Mester, appeared to push back expectations for a rate cut in March, highlighting that there is "*more work to do*" for the central bank to hit its 2.0% inflation goal.

Malaysia: We expect headline inflation to trend higher to 3.3% YoY in 2024, against an estimated of 2.6% in 2023. The determinants of inflation trajectory include (1) changes in domestic policies i.e. revision in services tax and fuel subsidy rationalisation (2) movement of commodities and food prices, (3) the build-up of demand-side pressure amid improved growth prospects. Inflation risks are cushioned by steady food prices (partially due to the continuation of food subsidies and the release of buffer stocks). Uncertainties over consumer prices are also led by policy manoeuvres, especially the actual implementation timeline and magnitude of fuel price adjustment for diesel in 2Q24, followed by RON95 in 2H24.

Singapore: We keep Singapore's inflation forecast at 3.5% in 2024. We continue to see evidence of sticky inflation to persist into 1H24. Higher import prices will underpin Singapore's inflation climate, especially on the back of energy and food prices. Given higher demand momentum against a slowing export backdrop, we see evidence of higher oil prices. The consolidation against higher inflation pressures in 2024 can be gleaned from the strengthening SGD against ASEAN pairs. Our SGD Nominal Effective Exchange Rate (S$NEER) estimate is perceived at 1.5% above the mid-point, and the S$NEER has been resiliently above the mid-point since 2021.

Indonesia: We previously upgraded Indonesia's headline inflation forecast to 3.3% in 2024 from 3.0% in our 1 December 2023 report. The catalysts for the upgrade in 2024's inflation pressures are (1) higher food prices led by El Nino weather conditions, (2) upside bias for oil prices given our global assumptions and (3) demand-pull inflation as Indonesia sees a relatively robust private consumption pattern amid general elections 2024. Latest data signalled higher red chilli prices (Nov '23: +42.8% MoM) and shallot prices (Nov '23: +11.5% MoM), whereby both food products are arguably staples in Indonesian households.

Thailand: We maintain our full-year headline CPI forecast of 2.0% in 2024. Inflation remained in the deflation zone at -0.83% YoY in Dec 2023, with price momentum decelerating further (MoM: -0.46%). Despite the slowdown in headline inflation, core inflation appeared to be sticky in the same month (Nov & Dec '23: +0.58% YoY) since subsidies have engineered the deceleration in recent headline CPI. Inflation will likely trend higher in 2024, as various subsidies expire (electricity, diesel, cooking gas), amid demand-led inflation given higher tourism activities and consumer spending.

Figure 4: Global IP growth is led by higher commodity prices (positive coeff & p-value < 0.05)

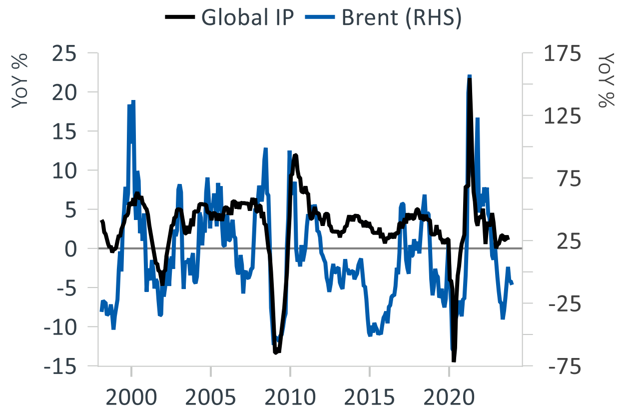
Dependent Variable: Global Industrial Production YoY %

Regression Statistics	
Multiple R	0.6556
R Square	0.4298
Adjusted R Square	0.4265
Standard Error	3.0138
Observations	1995 - 2023

	Coeff.	*Std Error*	*t Stat*	*P-value*
Intercept	2.0056	0.1716	11.6908	0.0000
Brent YoY %	0.0409	0.0051	7.9426	0.0000
Copper YoY %	0.0422	0.0059	7.1520	0.0000

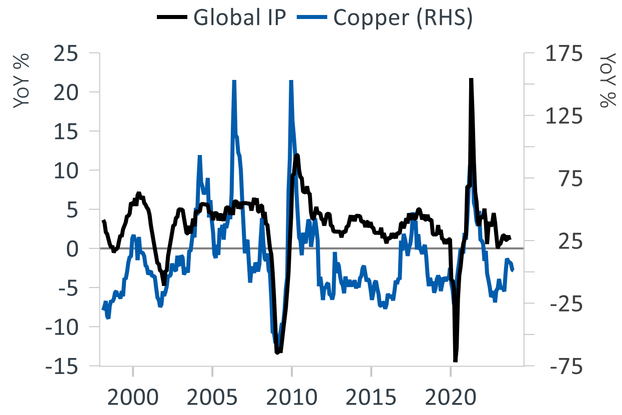
Source: RHB Economics & Market Research

Figure 5: Global IP trends well with Brent prices…



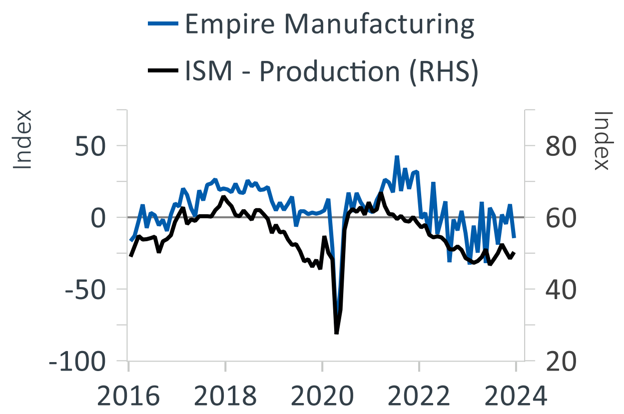
Source: Macrobond, RHB Economics & Market Strategy

Figure 6: … and copper prices



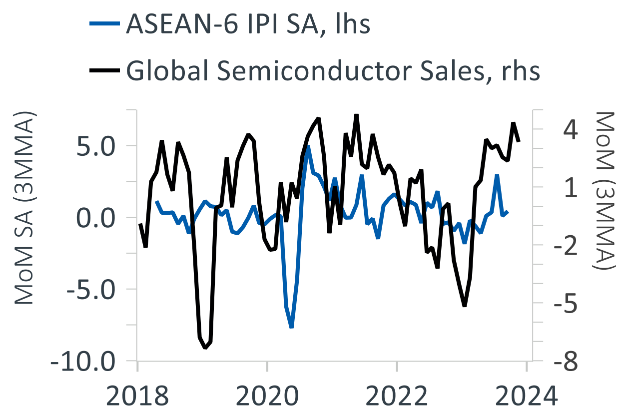
Source: Macrobond, RHB Economics & Market Strategy

Figure 7: US manufacturing numbers are bottoming…



Source: Macrobond, RHB Economics & Market Strategy

Figure 8: … while ASEAN's IP momentum faces strong upside bias given higher semicon sales



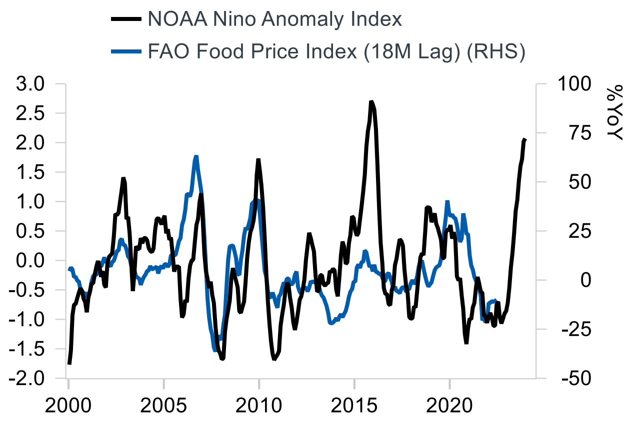
Source: Macrobond, RHB Economics & Market Strategy

<u>Adverse Weather Conditions & Geopolitical Tensions:</u> We see clear signs of supply congestion in the global food and energy backdrop. Food prices in Asia have picked up dearly, on doubt on the premise of supply constraints (see ASEAN's inflation comments above). Food prices will likely point higher, exacerbated by India's rice export ban and El Nino weather conditions threatening favourable harvesting conditions. Our proprietary model on global food prices against the NOAA Oceanic Nino Index (Figure 9) suggests that food prices face severe upside risks in the coming months. The quantitative analysis below (Figures 10 – 13) shows the severity and relevancy of the model itself; FAO food prices have an R-square of 0.5 – 0.8, depending on the sample period, and were relevant, especially during El Nino years.

Higher food prices will increase consumer prices in key developed and ASEAN economies. The quantitative relationship we have established is a significant and essential finding – food prices as part of the ASEAN CPI basket carry sizeable weights across the economies (Figure 1). The NOAA Oceanic Nino index, we found, leads global food prices by between 12 to 18 months, an understandable trend given the time needed for planting, harvesting and delivering the produce from farm to table. The same 12 – 18 months lead allows us to derive the extent, impact, and significance of poor weather conditions on global food prices and thus underpins our view for higher food prices in the foreseeable months ahead.

Separately, global inflation may heat up further on the back of geopolitical tensions. The unfortunate aspect is that geopolitical tensions are wild card events and generally volatile (and uncertain). Still, shipping costs are soaring given recent (and previously ongoing) tensions, while little news of resolution exists. We do not discount higher energy and logistic costs on the horizon, especially should these risks persist in the coming months.

Figure 9: NOAA Nino Index leads FAO Food Index by 18 months



Source: Macrobond, RHB Economics & Market Strategy

Figure 10: Quant analysis shows a high degree of relevancy across periods…

Dependent Variable: FAO Food Prices YoY %
Period: 1996 - 1998 (31 months)

Regression Statistics	
Multiple R	0.7071
R Square	0.5000
Adjusted R Square	0.4827
Standard Error	0.4551
Observations	31

	Coeff	*Std Error*	*t Stat*	*P-value*
Intercept	0.1205	0.0981	1.2281	0.2293
NOAA Nino Index	6.5541	1.2172	5.3846	0.0000

Source: Macrobond, RHB Economics & Market Strategy

Figure 11: … with R-square between 0.5 – 0.8 depending of sample periods…

Dependent Variable: FAO Food Prices YoY %
Period: 2007 - 2009 (20 months)

Regression Statistics	
Multiple R	0.9152
R Square	0.8376
Adjusted R Square	0.8286
Standard Error	0.3721
Observations	20

	Coeff	*Std Error*	*t Stat*	*P-value*
Intercept	-0.7263	0.0852	-8.5224	0.0000
NOAA Nino Index	2.1065	0.2186	9.6363	0.0000

Source: Macrobond, RHB Economics & Market Strategy

Figure 12: … thus suggesting that food prices will rise on the back of adverse weather conditions

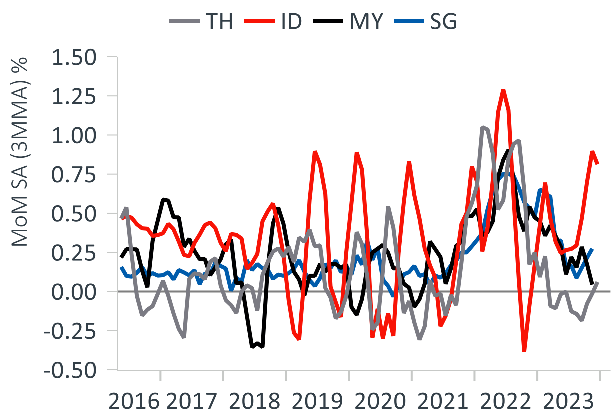
Dependent Variable: FAO Food Prices YoY %
Period: 2011 - 2013 (30 months)

Regression Statistics	
Multiple R	0.8201
R Square	0.6726
Adjusted R Square	0.6609
Standard Error	0.5722
Observations	30

	Coeff	*Std Error*	*t Stat*	*P-value*
Intercept	-0.8480	0.1129	-7.5078	0.0000
NOAA Nino Index	4.3248	0.5702	7.5841	0.0000

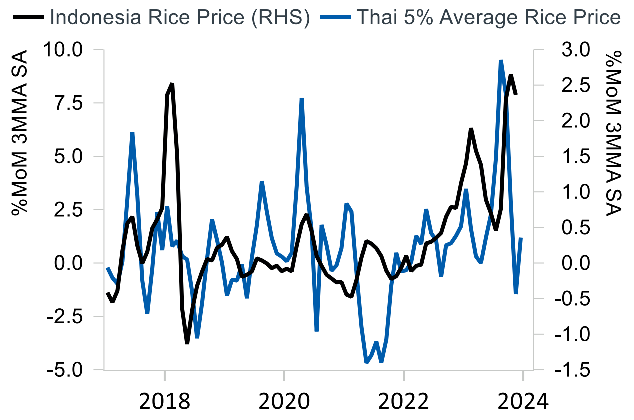
Source: Macrobond, RHB Economics & Market Strategy

Figure 13: Beware, ASEAN food inflation momentum is already materialising higher…



Source: Macrobond, RHB Economics & Market Strategy

Figure 14: …while higher rice prices may exacerbate food inflation in the coming months

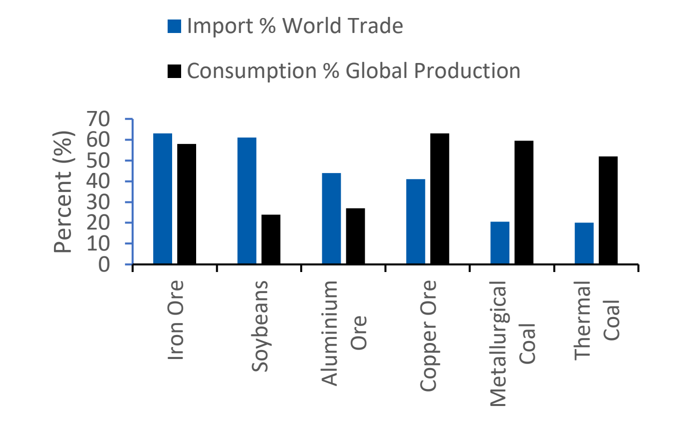


Source: Macrobond, RHB Economics & Market Strategy

China's economic recovery: We see continued signs of China's economic recovery. As discussed, we are forecasting an above-consensus GDP growth of 5.0% in 2024, against Bloomberg's estimate of 4.5%. China's 3Q23 GDP surprised market estimates with a +1.3% QoQ SA growth print, thus translating to a 4.9% YoY growth over the same period. Moreover, China's growth momentum has accelerated into the latest quarter, from 2Q23's meagre +0.5% QoQ SA print, suggesting that China's growth prognosis is gradually recovering. While 3Q23's growth has slowed from 2Q23's 6.3% YoY handle, we observe the relatively higher base year in the prior year (3Q22: +3.9% YoY, 2Q22: +0.4% YoY), year-to-date performance was an encouraging 5.2% print in the first three quarters of 2023, in line with our revised full-year GDP growth estimate of 5.0%.

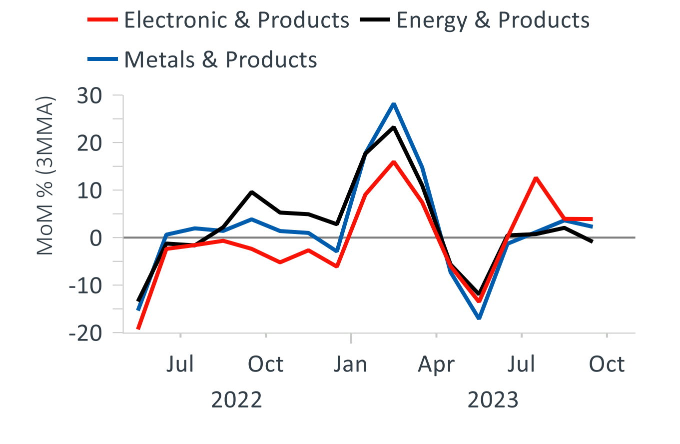
We append the thematic research, China Recovery – A Boon to ASEAN's Growth, to substantiate our view on higher commodity prices on the back of China's economic recovery. We like growth-related commodities and EM equities on the back of China's recovery. We believe China's economic recovery will introduce tailwinds to commodities such as energy and base metals. Despite the challenges faced in China's property segment, we are seeing a gradual recovery in China's consumption of commodities such as steel and cement. Specifically, construction activities account for roughly 40% of China's steel and iron ore demand. Meanwhile, its consumption of key global commodities such as iron, aluminium, copper, and coal accounts for the lion's share of global supply.

Figure 15: China's share of commodities' demand is sizeable…



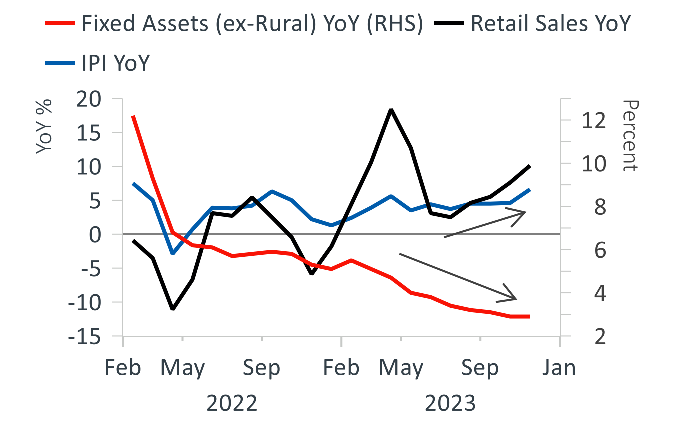
Source: RBA, RHB Economics & Market Strategy

Figure 16: …and higher Chinese consumption patterns will likely lift energy and base metal prices



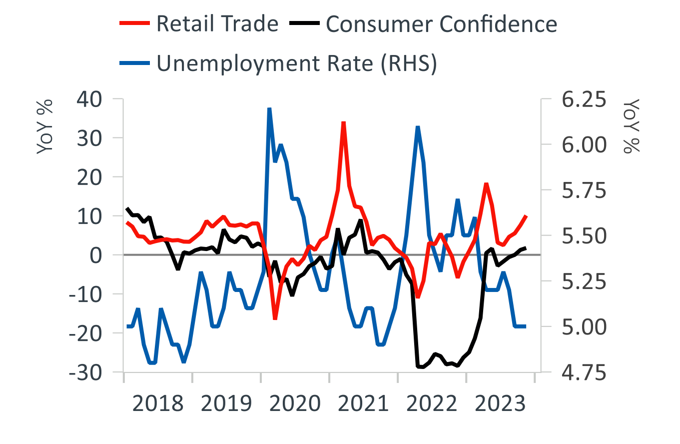
Source: Macrobond, RHB Economics & Market Strategy

Figure 17: China's IPI and retail sales momentum is picking up, which will feed into demand-led inflation



Source: RBA, RHB Economics & Market Strategy

Figure 18: China's high frequency data is showing further signs of recovery



Source: Macrobond, RHB Economics & Market Strategy

Beyond China's potentially higher commodity demand as economic momentum recovers in 2024, we note the positive spillover effects to ASEAN's growth over the same period. ASEAN will benefit from China's economic return on the back of stronger trade and tourism prognosis. Overall, we expect a rosier ASEAN economic backdrop in 2024, with GDP growth to accelerate in the region. We think trade and tourism prospects, especially in Malaysia, Vietnam, Singapore and Thailand, will benefit from the return of China and the E&E trade. At the same time, Indonesia still has room to catch up regarding its exposure to China's E&E industries. On top of positive spillovers to ASEAN's services industries, we also like the electronic, transport, and chemicals industries, given China's empirical demand in the last decade.

Given China's role in determining Asia's tourism prognosis, we present a tourism function[3] for China's outbound tourism to ASEAN-6, which tries to identify China-centric factors that influence the economy's tourism demand. We found that China's GDP leads its outbound tourism demand by two quarters, while other indicators are coincident. Our dependent variable is the collective inbound tourism volume from China to ASEAN-6, where we found that China's GDP, labour demand, Shanghai Stock Exchange, and domestic tourism volume are statistically relevant (P-value < 0.05) in explaining China's outbound tourism to ASEAN-6.

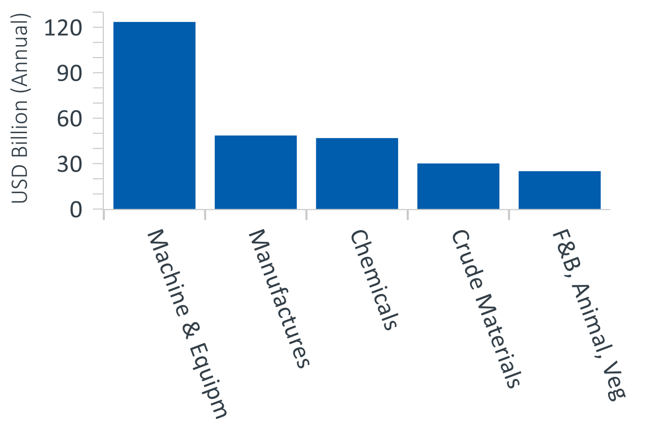
Figure 19: OLS model suggests China's tourism demand is primarily led by GDP

Regression Statistics	
Multiple R	0.699
R Square	0.489
Adjusted R Square	0.458
Standard Error	0.368
Observations	70

Dependent Variable	(YoY) Inbound Tourism into ASEAN-6			
	Coeff	*Std Error*	*t Stat*	*P-value*
Intercept	-0.386	0.123	-3.128	0.003
GDP[1] (t+2)	20.044	0.000	2.486	0.015
China Labour Demand YoY	0.904	0.220	4.111	0.000
Shanghai Stock Exchange YoY	0.221	0.096	2.318	0.024
China Domestic Tourism YoY	1.617	0.256	6.318	0.000

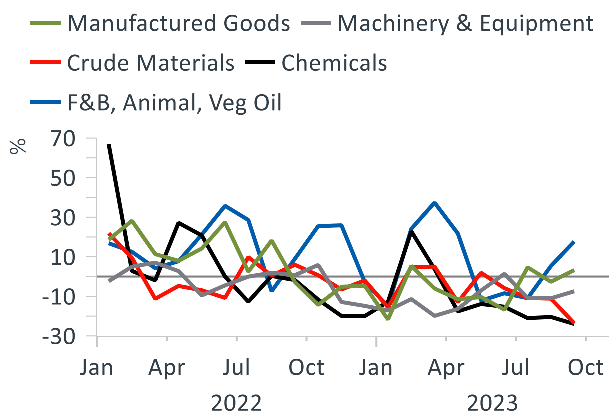
Source: RHB Economics & Market Strategy, YoY stands for Year-On-Year growth rates, (t +/- n) refers to the period of lag/lead.

Figure 20: China's imports from ASEAN-6 is dominated by Machine & TPT and Manufactured Gds



Source: Macrobond, RHB Economics & Market Strategy

Figure 21: China is seeing import recovery of F&B and MFG Goods, while others should soon follow



Source: Macrobond, RHB Economics & Market Strategy

[3] We append our research on China's tourism demand function in a prior thematic report.

Separately, we are positive about ASEAN's exports to China, especially on electronic-related manufactures and chemicals, given China's empirical demand for ASEAN's products in the past decade[4]. China's key imports from ASEAN-6[5], over the said period, were primarily concentrated in (1) Machinery & Equipment, (2) Manufactured Goods and (3) Chemicals. This is despite China's sizeable imports of crude materials (43.8% of total imports) over the said period, which were likely sourced from energy-exporting economies rather than ASEAN-6. Meanwhile, China's imports of Machinery & Transport Equipment (38.5% of total imports) is a close second, suggesting the boon to ASEAN's trade dynamic. **The positive spillover effects to ASEAN's growth, via the tourism and export mechanisms reinforce our view for demand-led inflation in ASEAN, which should eventually spill over to US inflation in the quarters ahead.**

Figure 22: China imports across materials & products (% of total imports – 2013 – 2022)

F&B, Animals, Vegetable Oils	**4.3%**
Food & Live Animals	3.5%
Animal & Vegetable Oils, Fats & Waxes	0.5%
Beverages & Tobacco	0.3%
Crude Materials	**43.8%**
Mineral Fuels & Lubricants	14.9%
Crude Materials (Ex-Fuels)	13.9%
Petroleum & Products	11.7%
Natural/MFG Gas	2.1%
Coal, Coke & Briquettes	1.2%
Electric Current	0.0%
Chemicals	**9.1%**
Plastics	3.3%
Organic Chemicals	2.8%
Medical Products	1.4%
Essential Oils	0.7%
Inorganic Chemicals	0.5%
Dyeing Materials	0.2%
Fertilizers	0.2%

Manufactured Goods	**14.6%**
Misc Manufactures	7.0%
Iron & Steel & Non-ferrous	4.1%
Mineral Manufactures	1.1%
Fabric & Products	0.9%
Manufactures Of Metals, N.e.s.	0.8%
Rubber & Products	0.3%
Paper & Products	0.3%
Leather & Products	0.2%
Cork & Wood	0.1%
Machinery & Transport Equipment	**38.5%**
Electrical Machinery & Parts	20.7%
Road Vehicles & Related	5.1%
Telecommunications Equipment	3.4%
Office Machines	2.8%
General Machinery & Parts	2.5%
Specialised Machinery	2.4%
Power-generating Equipment	1.2%
Metalworking Machinery	0.6%

Source: Macrobond, RHB Economics & Market Strategy, Misc Manufactures include construction materials, furniture, consumer apparels & articles, professional apparatus, and photography-related equipment

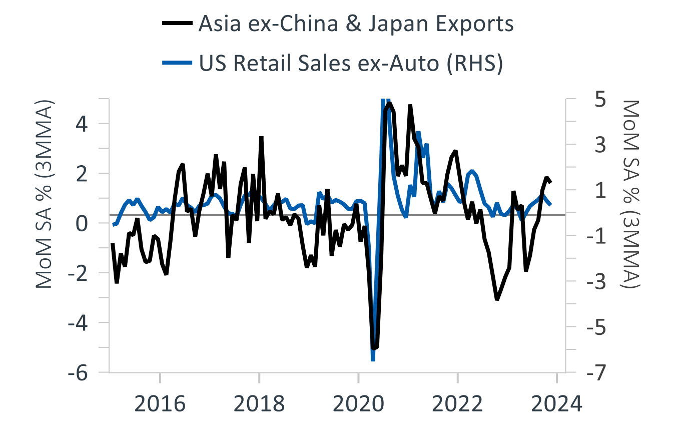
[4] We calculated ASEAN's exports to China over the period 2013 – 2022.
[5] ASEAN-6 includes Malaysia, Indonesia, Singapore, Philippines, Thailand and Vietnam

ASEAN's inflation will eventually spill over to US

Overall, higher ASEAN-led inflation will spill over into higher export prices, thus impacting second-order effects on US inflation over the same period. Our thematic report – US Growth is Made in Asia – suggests that Asia ex-Japan (APXJ) is the factory of the world. Figures 23 and 24 highlight that US retail sales growth trends in tandem with APXJ's real export growth, while China's exports lead US retail sales by at least two months.

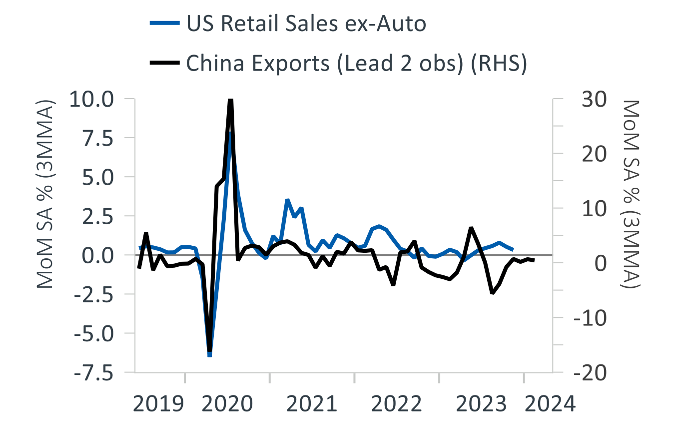
The concept and deduction to this finding is relatively simple: higher ASEAN inflation will eventually spill over to the US as industry players react to domestic inflation pressures, eventually leading to higher export prices for its key trading partners. Lovasy G., in an IMF publication[6], cites that *"inflationary price increases tend to spread to the export sector, mainly through adjustment of wages to a higher cost of living, (and thus) inflationary cost increases will tend to encourage such a change with a view to raising the price of the commodity and maintaining it at a high level."* Similar conclusions are also quoted by Irving B. Kravis & Robert E. Lipsey[7], whereby bereaved of external influences, *"the international price mechanism and in the construction of trade models (will mean) that a country's export price for a particular product is identical to its domestic price."*

Figure 23: US retail sales trend very closely with APXJXC's exports…



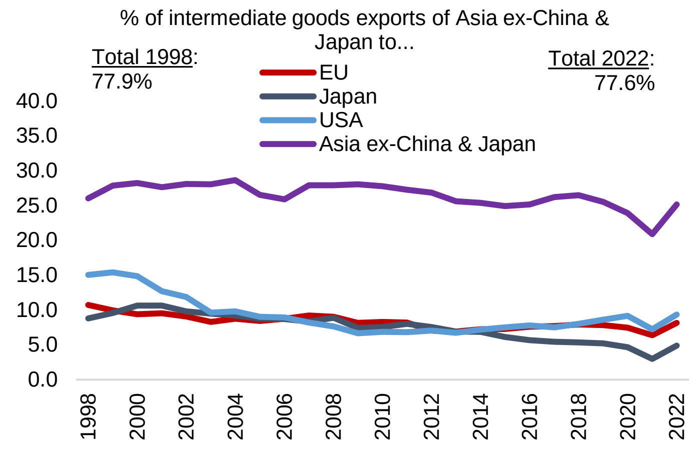
Source: Macrobond, RHB Economics & Market Strategy

Figure 24: … and more importantly, lags China's exports by two months



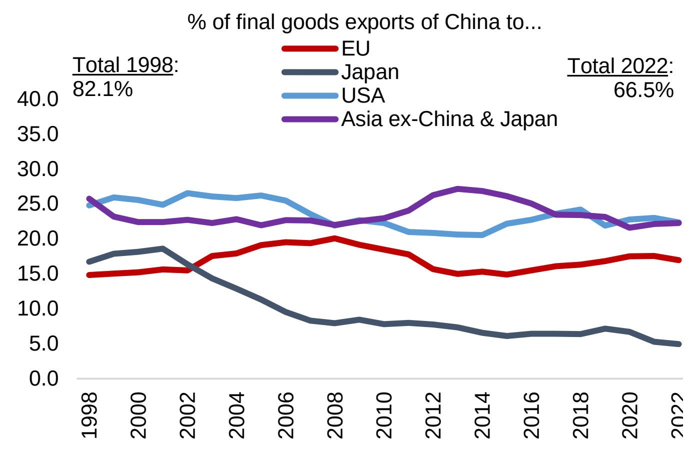
Source: Macrobond, RHB Economics & Market Strategy

Figure 25: Immediate goods exports are rising across key regions…



Source: UN Comtrade, RHB Economics & Market Strategy

Figure 26: … while final goods exports of China are rising to the US and APXJXC



Source: UN Comtrade, RHB Economics & Market Strategy

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[6] Lovasy G., The International Monetary Fund Research Department, Volume 1962: Issue 001, 1 Jan 1962
[7] Irving B. Kravis & Robert E. Lipsey, National Bureau of Economic Research, Export and Domestic Prices Under Inflation and Exchange Rate Movements, May 1977

As such, the implications of a reinflation backdrop in 1Q24 profoundly impact rates and FX. We reiterate our view for the US Fed Funds Rate (FFR) to have peaked at 5.25 – 5.50%. The balance of risk is tilted more towards another rate hike to 5.50 – 5.75% in 1H24, given reinflation risks that have already materialised since 4Q23. We think that market pricing for six rate cuts in 2024 is, perhaps, too ambitious, whereby a gradual pricing-out behaviour to around two to three rate cuts in 2H24 may ensue as the year progresses. A high for longer FFR backdrop may mean that UST 10YR yields may stay sticky in the short run, while the DXY could rally to around 105 – 110 by the end of 1Q24. We maintain our view for two rate cuts to materialise in 2H24 to bring the FFR to 4.75 – 5.0% by the end of the year.

RHB Real GDP Growth Forecasts					Bloomberg Consensus				
% YoY	2021	2022	2023F	2024F	% YoY	2021	2022	2023F	2024F
US	5.9	2.1	2.5	2.2	US	5.9	2.1	2.4	1.2
Western Europe	5.8	3.6	0.6	1.7	Western Europe	5.8	3.6	0.6	0.7
Japan	2.1	1.0	1.9	1.5	Japan	2.1	1.0	1.7	0.9
China	8.4	3.0	5.0	5.0	China	8.4	3.0	5.2	4.5
ASEAN					**ASEAN**				
Indonesia	3.7	5.3	5.1	5.0	Indonesia	3.7	5.3	5.0	5.0
Malaysia	3.1	8.7	4.1	4.6	Malaysia	3.1	8.7	4.0	4.5
Singapore	8.9	3.6	1.5	3.0	Singapore	8.9	3.6	0.9	2.3
Thailand	1.6	2.6	2.5	4.0	Thailand	1.6	2.6	2.5	3.5
Vietnam	2.6	8.0	4.7	6.4	Vietnam	2.6	8.0	4.7	6.2

RHB CPI Inflation Forecasts					Bloomberg Consensus				
% YoY	2021	2022	2023F	2024F	% YoY	2021	2022	2023F	2024F
US	4.7	8.0	4.2	2.8	US	4.7	8.0	4.1	2.7
Western Europe	2.5	8.1	5.7	2.5	Western Europe	2.5	8.1	5.7	2.7
Japan	-0.2	2.4	3.1	2.0	Japan	-0.2	2.4	3.2	2.2
China	0.9	2.0	0.5	2.2	China	0.9	2.0	0.4	1.5
ASEAN					ASEAN				
Indonesia	1.6	4.2	3.8	3.3	Indonesia	1.6	4.2	3.7	3.0
Malaysia	2.5	3.3	2.6	3.3	Malaysia	2.5	3.3	2.6	2.5
Singapore	2.3	6.1	4.9	3.5	Singapore	2.3	6.1	4.8	3.1
Thailand	1.2	6.1	1.0	2.0	Thailand	1.2	6.1	1.4	1.9
Vietnam	1.8	3.2	3.4	3.8	Vietnam	1.8	3.2	3.1	3.2

RHB Policy Rate Forecasts					Bloomberg Consensus				
%	2021	2022	2023F	2024F	%	2021	2022	2023F	2024F
US	0.25	4.50	5.25 - 5.50	4.75 – 5.0%	US	0.25	4.50	5.50	4.45
Western Europe	0.02	2.60	4.50	3.75	Western Europe	0.02	2.60	4.47	3.74
Japan	0.00	0.00	0.00	0.00	Japan	0.00	0.00	0.00	0.10
China	3.80	3.65	4.30	4.30	China	3.80	3.65	4.30	N/A
ASEAN					**ASEAN**				
Indonesia	3.50	5.50	6.00	5.50	Indonesia	3.50	5.50	6.05	5.40
Malaysia	1.75	2.75	3.00	3.00	Malaysia	1.75	2.75	3.00	2.95
Thailand	0.50	1.25	2.50	2.50	Thailand	0.50	1.25	2.50	2.40
Vietnam	4.00	6.00	4.50	4.00	Vietnam	4.00	6.00	4.40	4.20

Source: RHB Economics & Market Strategy, Bloomberg

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