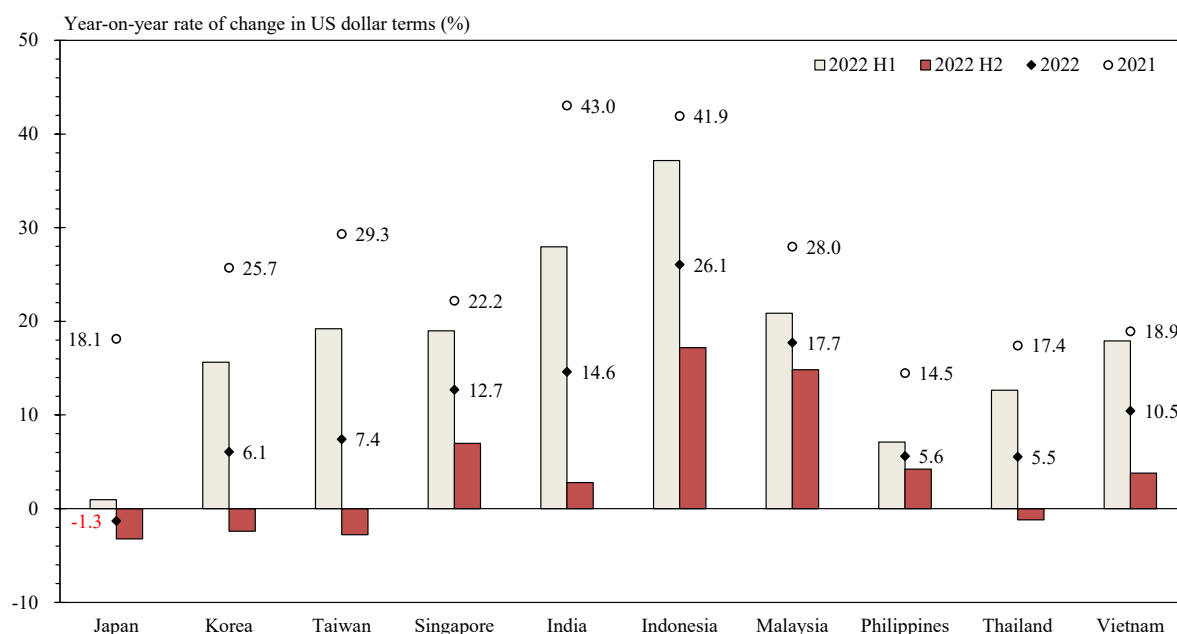


Box 3.1

Export performance of selected Asian economies

Merchandise exports of Asian economies stayed largely robust in the first half of 2022, extending the uptrend seen in the preceding year. Most of the selected Asian economies⁽¹⁾ saw their exports in US dollar terms expanding at double-digit paces in the first half of 2022 over a year earlier (*Chart 1*), while those of Japan only showed meagre growth reflecting the initial effect of the visible depreciation of the Japanese Yen⁽²⁾. While advanced economies such as the US and the EU began to show signs of softening over the period, their imports from the Asian economies was still broadly solid. The robust economic performance of the Mainland in early 2022 also rendered further support to regional trade.

Chart 1: Exports of Asian economies generally worsened in the second half of 2022



Sources : CEIC and internal estimation.

Yet the regional trade scene deteriorated progressively over the course of the year as multiple headwinds including the continued tensions in Ukraine, soaring inflation in the advanced economies and the resulting sharp monetary policy tightening by major central banks gusted across the global economy, leading to significant weakening of demand for Asia's exports and regional trade flows. Consequently, merchandise exports of the selected Asian economies generally worsened in the second half of 2022, with some of them even turning to year-on-year declines. Exports to major markets including the Mainland, the US, the EU and the ASEAN all showed varying degree of deterioration, indicating that the moderation in external demand was rather broad-based (*Chart 2*). For 2022 as a whole, all of the selected Asian economies recorded deteriorated export performance as compared to the preceding year, though energy and food exporters such as Indonesia and Malaysia held up better on the back of elevated commodity prices.

(1) Include Japan, Korea, Taiwan, Singapore, India, Indonesia, Malaysia, the Philippines, Thailand and Vietnam.

(2) In the first half of 2022, the Japanese Yen depreciated by over 10% against the US dollar from a year earlier, steeper than other major Asian currencies. In Japanese Yen terms, merchandise exports of Japan actually expanded visibly by 15.2% year-on-year in the first half of 2022.

Box 3.1 (Cont'd)

Chart 2a: Mainland, US, EU and ASEAN are major export markets of the selected Asian economies

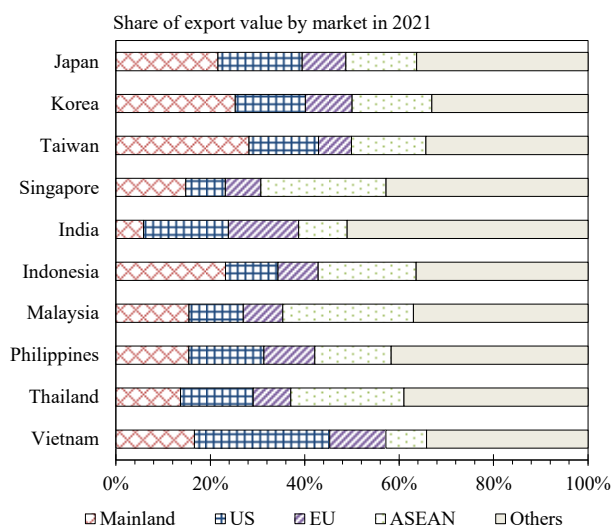
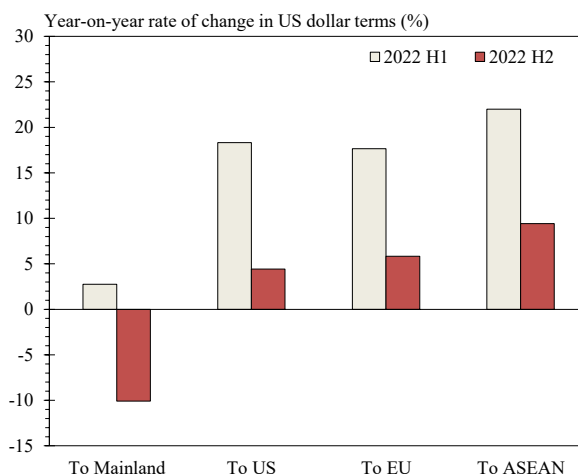


Chart 2b: Exports of selected Asian economies to all major markets worsened visibly in the second half of 2022



Note : The Philippines' exports to the ASEAN exclude those to Cambodia and Myanmar due to data availability.
Sources : CEIC and internal estimation.

Looking ahead, the regional trade performance will likely remain constrained by the weak demand from the advanced economies. In its latest *World Economic Outlook*, the IMF projected the global economic growth to slow further from 3.4% in 2022 to 2.9% in 2023, noting that the rise in central bank policy rates to fight inflation and sustained geopolitical tensions would continue to weigh on economic activities. Earlier in October 2022, the World Trade Organization (WTO) trimmed its growth forecast for global merchandise trade to 1.0% in volume terms in 2023, down from the previous estimate of 3.4%. Yet, the forecast by the WTO has not taken into account the much improved outlook of the Mainland economy on entering 2023. Considering the close trade linkages between the Mainland and other Asian economies, an expected faster growth of the Mainland economy should help offset some of the external headwinds facing the region this year.