

## S&P: PH leads ASEAN growth

Written by Administrator

Tuesday, 13 August 2013 22:36

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MANILA — The Philippines is seen to lead Southeast Asia in terms of growth as what was once regarded as Asia’s laggard spearheads an “outperforming” region this year until 2015 amid a weakening China.

“The major ASEAN economies we cover (Indonesia, Malaysia, Thailand, Vietnam and the Philippines) continue to outperform,” debt watcher Standard & Poor’s Ratings Services (S&P) said in a report released last Monday.

ASEAN refers to the 10-member Association of Southeast Asian Nations.

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“The Philippines, which S&P recently upgraded to investment grade, has taken over the ASEAN growth leadership role from Indonesia,” it added.

Other members of the ASEAN are Brunei Darussalam, Cambodia, Laos, Myanmar and Singapore.

According to S&P’s baseline forecasts, the Philippines is projected to grow 6.9 percent, 6.1 percent and 6.5 percent for 2013, 2014 and 2015, respectively.

This is faster than ASEAN’s 5.5 percent, 5.6 percent and 5.4 percent during similar periods.

The 10-nation group is expected to be more “domestically focused,” essentially keeping them insulated from China’s faltering export-driven and investment-led economy.

Indonesia is still expected to remain strong, although its current account deficit — a situation that indicates fleeing dollars — is a problem.

Thailand, meanwhile, could be hurt through weak trade, S&P said.

On the other hand, Malaysia will remain afloat, thanks to a surge in public investments, while Vietnam continues to struggle with large bad credit accumulated by its banks.

“The risks to growth within ASEAN are tilted modestly to the downside,” the credit rater said.

Collectively though, ASEAN remains a key driver of Asia-Pacific growth, which is projected to slow to 5.3 percent this year, before accelerating to 5.6 percent and 5.5 percent for 2014 and 2015.

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S&P said this would be due to a slowdown in China, the world's second largest economy, which is suffering from "waning private and public investments."

Beijing's woes are expected to add to Europe's still-fragile environment.