



SOUTHEAST ASIA MACROECONOMIC OUTLOOK IN Q2. 2024

Source: McKinsey & Company

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MACROECONOMIC OUTLOOK INDONESIA

Indonesia remained resilient and grew 5.05% y-o-y in the second quarter 2024. Although this is marginally lower than the 5.11% growth recorded in the first quarter, it marked the third straight quarter of above 5.0% expansion for Southeast Asia's largest economy

GDP GROWTH

Indonesia sustained its growth with a **5.05% y-o-y** increase in Q2 2024, following **5.11%** in Q1.

Investment growth accelerated, household spending remained steady, and public consumption grew by **1.42%**, down from nearly **20%** the previous quarter.

PRIVATE CONSUMPTION

Household consumption, making up over half of the GDP, grew by **4.93%**, similar to the first quarter. This growth was driven by spending during holidays and increased income from the harvest season.

TRADE

Trade accelerated with exports up **8.28%** and imports up **8.57%**, significantly higher than the previous quarter's **1.37%** and **1.93%**.

Increased tourist visits boosted service exports, and shipments of coal, nickel, jewelry, machinery, and electrical equipment rose.

LABOR

Unemployment fell to **4.82%** from **5.45%** in the same quarter of 2023, the lowest since 1997.

However, most employed individuals still work in informal sectors.

INFLATION

Inflation continued to decline, reaching **2.13%** in July 2024, down from **3.06%** last quarter and **2.51%** in June. This was the lowest rate since February 2022.

Source: McKinsey & Company



MACROECONOMIC OUTLOOK MALAYSIA

Economic growth accelerated to 5.9% this quarter; the highest growth recorded since the start of 2023. Expansion in exports and strong domestic demand supported growth. The labor market remained tight while industrial output expanded, and investment activities continue to be robust.

GDP GROWTH

Malaysia's economy grew by **5.9%** in Q2, driven by strong domestic demand and exports.

Key sectors like services and manufacturing saw growth of **5.9%** and **4.7%**, respectively.

PRIVATE CONSUMPTION

Private consumption expanded **6.0%** in the second quarter, higher than the **4.7%** growth recorded in the first quarter 2024.

Strong labor market conditions and policy support, such as cash handouts and tax incentives, have boosted consumption.

TRADE

Exports achieved **5.8%** growth in second quarter, more than double the first quarter's **2.0%** growth.

Strong domestic demand for capital and consumption goods boosted imports from **12.5%** in Q1 to **15.0%** in Q2.

LABOR

The unemployment rate remained low and steady at **3.3%**, consistent with pre-pandemic levels.

Labor demand continued to strengthen with overall employment increasing by **200,000 to 16.6 million persons** in the second quarter.

INFLATION

Inflation rose to **1.9%** in Q2, up **0.2%** from the previous quarter, driven by higher prices for housing utilities like water (31.8%) and electricity (2.0%).

Source: McKinsey & Company



MACROECONOMIC OUTLOOK PHILIPPINES

The Philippines' economy accelerated to record a 6.3 percent y-o-y growth in the second quarter from 5.7% growth in the previous quarter. Government spending and investments drove stronger second quarter growth, which helped prop up the first-half GDP growth to 6%.

GDP GROWTH

The economy grew **6.3%** in the second quarter from a year earlier, stronger than the **5.7%** growth in the first quarter.

The industries and services sector recorded **7.7%** and **6.8%** growth, respectively, while agriculture and forestry and fishing contracted **2.3%** due to effects of El Niño.

PRIVATE CONSUMPTION

Household consumption grew **4.6%** y-o-y, on par with the previous quarter's figure but slower than the **5.5%** attained in the second quarter 2023.

TRADE

Exports grew slower at **4.2%** y-o-y in the second quarter, compared to the **8.4%** y-o-y growth of the previous quarter.

Imports meanwhile grew faster at **5.2%**, mainly driven by the import of services, marking a third consecutive quarter of increase.

LABOR

Unemployment rate for June 2024 declined to **3.1%**, having recorded **3.9%** at the end of previous quarter.

The government's implementation of infrastructure projects, improving manufacturing conditions, and increased investments.

INFLATION

July's inflation accelerated to **4.4%** y-o-y on elevated food and utilities costs.

July's inflation was the highest recorded in the past nine months and is the first time in 2024 that it breached the central bank's **2 to 4%** target inflation range.

Source: McKinsey & Company

MACROECONOMIC OUTLOOK SINGAPORE

Singapore's GDP grew at 2.9% y-o-y in the second quarter 2024, closely mirroring its first quarter growth of 3.0%. Total merchandise trade recorded strong 10.1% growth, backed by accelerated growth in both merchandise exports and imports.

GDP GROWTH

GDP grew by **2.9%** y-o-y in Q2 2024, slightly down from **3.0%** in the previous quarter.

The services sector grew **3.7%** this quarter. The manufacturing sector contracted **1.0%** in the second quarter, easing from the **1.7%** contraction in the previous quarter

PRIVATE CONSUMPTION

Consumption expenditure in the second quarter grew **5.8%** y-o-y, moderating from the **6.3%** growth attained in the previous quarter.

Private consumption saw higher growth of **6.5%** this quarter, but public consumption slowed to **3.1%**.

TRADE

Total merchandise trade recorded a **10.1%** growth in the second quarter, building on its **4.8%** growth in the first quarter.

This quarter saw merchandise exports growth quicken to **7.6%**, similarly imports, which expanded by **12.8%**.

LABOR

Unemployment rate stood at **2.0%** in the second quarter 2024, marginally lower than the **2.1%** in the previous quarter.

Driven by construction and manufacturing demand, total employment grew by **11,300** this quarter, outpacing **4,700** new jobs the previous quarter.

INFLATION

Continued to moderate in the second quarter as it declined to **2.8%** y-o-y from **3.0%** in the previous quarter.

Source: McKinsey & Company

MACROECONOMIC OUTLOOK THAILAND

GDP GROWTH

Economy grew by **2.3%** in second quarter 2024, faster than the **1.6%** growth attained in the first quarter.

This brings the first-half 2024 growth to **1.9%**, lagging the government's projected **2.3** to **2.8%** expansion for the year.

PRIVATE CONSUMPTION

Private consumption growth decelerated to **4.0%** in the second quarter, having grown by **6.9%** in the previous quarter.

Expenditure on services saw growth more than halve, from **13.7%** in the first quarter to **6.0%** growth in the second quarter.

TRADE

Exports grew **4.5%** to **US \$73.3 billion**, reversing the **1.1% contraction** experienced in the first quarter.

Imports were recorded at **US \$67.8 billion**, an increase of **1.2%**, though slower than **3.3%** in the preceding quarter.

LABOR

The second quarter's unemployment rate inched up slightly to **1.1%** from **0.98%** in the previous quarter.

Thailand's employment, meanwhile, saw a slight decline to **66.8%** from **67.0%** in the first quarter.

INFLATION

Inflation came in at **0.6%** in June, down from the **1.5% peak** in May. This decline was largely driven by a softer increase in prices for food and beverages, as well as in housing and utilities.



Source: McKinsey & Company

MACROECONOMIC OUTLOOK

VIETNAM

GDP GROWTH

Vietnam's GDP growth accelerated to **6.9%** y-o-y in the second quarter from **5.6%** y-o-y growth in the first quarter, allowing the country to inch closer to the government's target growth of **6.0 to 6.5%** for 2024.

PRIVATE CONSUMPTION

Private consumption growth decelerated to **4.0%** in the second quarter, having grown by **6.9%** in the previous quarter.

Expenditure on services saw growth more than halve, from **13.7%** in the first quarter to **6.0%** growth in the second quarter.

TRADE

Exports recorded another strong quarter, growing at **12.5%** in the second quarter 2024, albeit lower than **18.0%** record in the previous quarter.

However, downside risks remain high, and export momentum could falter if global growth slows, geopolitical tensions persist, or trade disputes intensify.

LABOR

In the first six months of 2024, the labor force stood at **52.5** million people, an increase of 196.6 thousand people over the same period last year. The unemployment rate remained steady at **2.29%**.

INFLATION

Inflation grew to **4.08%** y-o-y in the second quarter, up from **3.77%** and **3.5%** in the two previous quarters.

Inflation has remained above the **3.0%** mark since September 2023 and the latest uptick followed a recent hike in salary levels.

Source: McKinsey & Company