

Asia Macro & Market 1 Q 2018 Outlook

SMAM comments & views

19 January 2018



SMAM

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Our Macro and Market Outlook

Macro Outlook

- China: We expect economic growth to decelerate in 1Q18 and to stabilize afterwards. We expect progress of IT sectors to support economic development.
- NIES 4: We see economic growth gradually slowing in 2018 in line with expected slower growth in China.
- ASEAN 5: We expect economic growth to accelerate in 2018 driven by domestic demand.
- India: We maintain our view of economic recovery in 2H17 and also for 2018 despite real GDP growth having slipped in 2Q17, mainly due to de-stocking.

Market Outlook

- China: The stable condition of the economy and upbeat corporate earnings spell positive development for the A-share market in the long run.
- NIES 4: Hong Kong and Singapore markets are expected to see sound corporate earnings. Korea and Taiwan are exposed to the peaking of the technology cycle.
- ASEAN 5: Domestic consumption is expected to drive markets while local currencies are poised to appreciate.
- India: Solid fundamentals and strong trust for the current administration are drivers for Indian equities, fixed income, and currency.

Topic to Watch: Elections in ASIA from 2018 to 2019

Our comments:

We believe that elections in Asia from 2018 to 2019 should cause consumer sentiment to improve.

In Malaysia, the expected victory of UMNO, the ruling party, should be a positive catalyst for financial markets. In Indonesia, presidential election and general election will be held simultaneously, in April 2019, for the first time. In Thailand, incumbent PM Prayuth is expected to continue as PM after the general election in Nov 2018. In India, we expect BJP, the ruling party, to win again at the general election in 2019.

Elections in Asia

countries, areas	expected timing	kinds
South Korea	Jun-2018	local elections
Taiwan	24-Nov-2018	local elections
Philippines	May/2019	mid elections
Thailand	Nov/2018	general election
Malaysia	Feb-May 2018	general election
Indonesia	Jun/2018	local elections
Indonesia	Apr/2019	president election, general election
India	2018-2019	local assembly elections
India	Apr-May 2019	general election

India State Legislative Assembly Elections

	expiration of assembly	expected timing	seat at Lok Sabha	seat at Rajya Sabha	remarks
Meghalaya	6/Mar/2018	Feb-Mar 2018	2	1	BJP: opposition
Nagaland	13/Mar/2018	Feb-Mar 2018	1	1	BJP: opposition
Tripura	14/Mar/2018	Feb-Mar 2018	2	1	BJP: opposition
Karnataka	28/May/2018	Apr-May 2018	28	12	BJP: opposition
Mizoram	15/Dec/2018	Oct-Nov 2018	1	1	BJP: no seat
Chhattisgarh	5/Jan/2019	Dec18-Jan19	11	5	BJP: ruling
Madhya Pradesh	7/Jan/2019	Dec18-Jan19	29	11	BJP: ruling
Rajasthan	20/Jan/2019	Dec18-Jan19	25	10	BJP: ruling
Sikkim	27/May/2019	Apr-May 2019	1	1	BJP: no seat
Arunachal Pradesh	1/Jun/2019	Apr-May 2019	2	1	BJP: ruling
Telangana	8/Jun/2019	May-Jun 2019	17	7	BJP: opposition
Odisha	11/Jun/2019	May-Jun 2019	21	10	BJP: opposition
Andra Pradesh	18/Jun/2019	May-Jun 2019	25	11	BJP: ruling
Haryana	2/Nov/2019	Sep-Oct 2019	10	5	BJP: ruling
Maharashtra	9/Nov/2019	Sep-Oct 2019	47	19	BJP: ruling

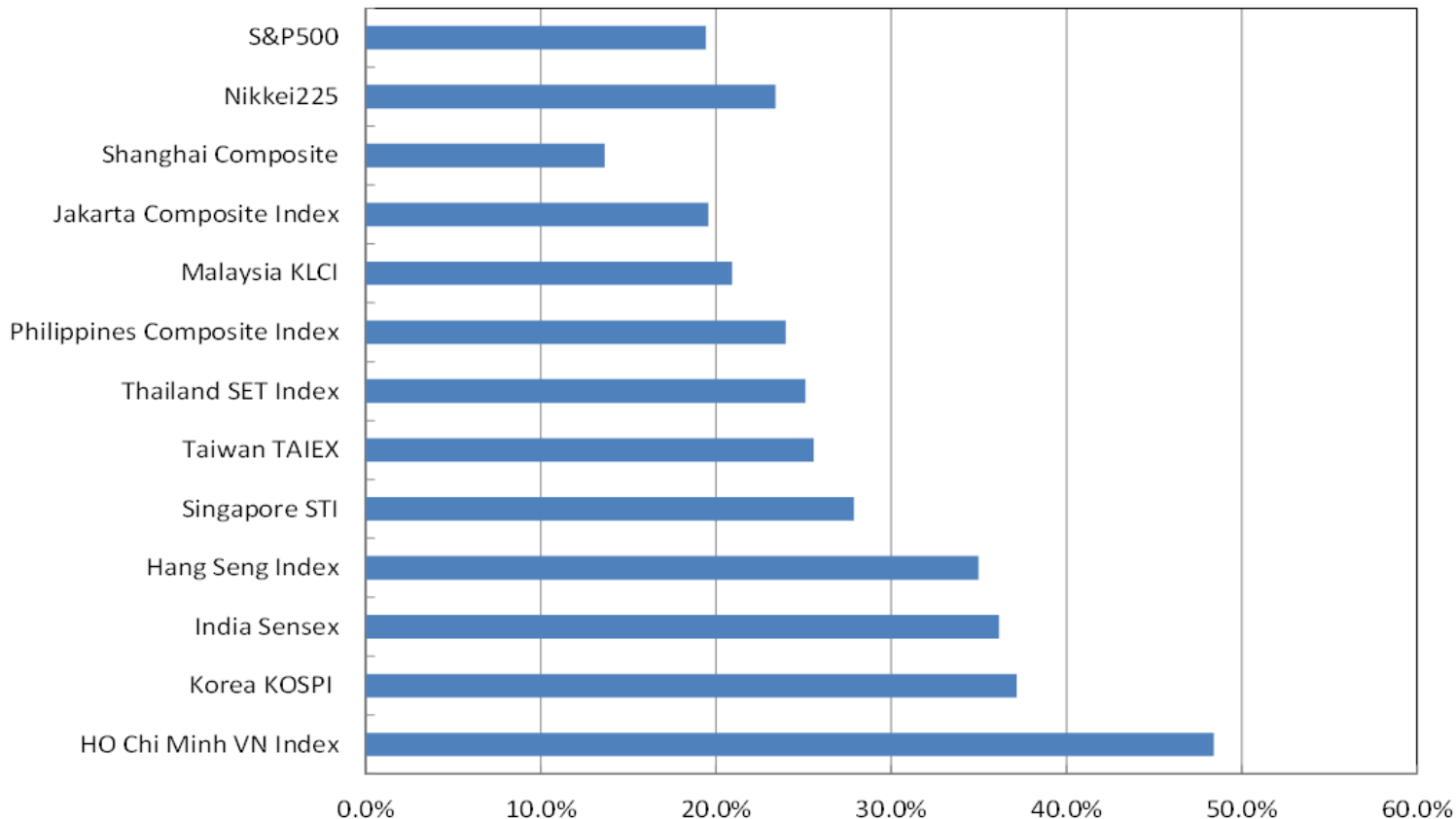
(note) Lok Sabha quorum: 545, Rajya Sabha quorum: 250

(source) Publicly available information and data compiled by SMAM.

Asia Equity Market Performance Review

- All Asian Equity Markets rose in 2017.
- All ASEAN equity markets, with the exception of Indonesia, increased more than 20% .
- Overall, Asia outperformed Japan Nikkei 225 and US S&P 500 in 2017.

Country Performance in USD in 2017

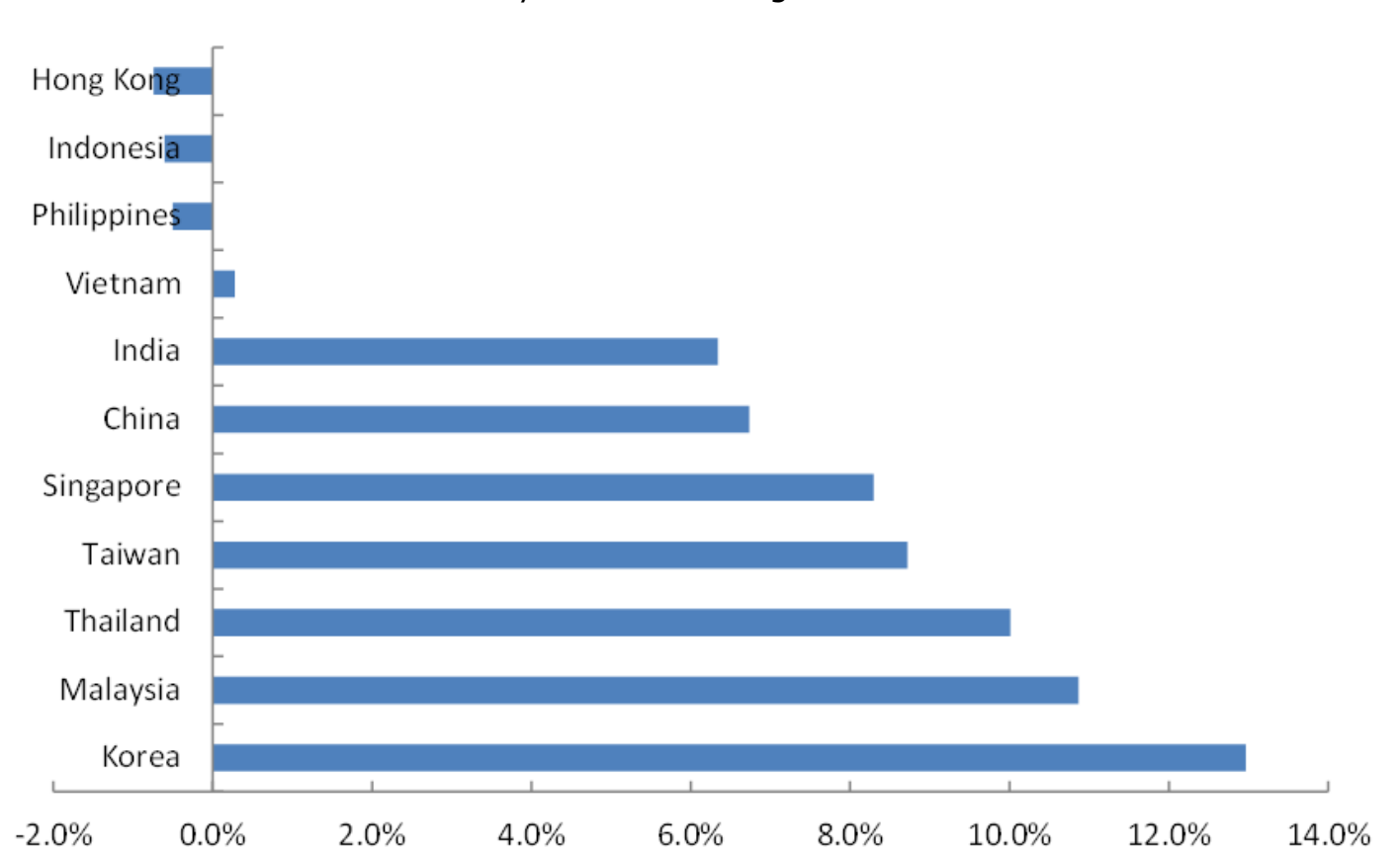


Source: Bloomberg

Asian Currency Performance

- Singapore dollar/Malaysian ringgit/Thai baht edged up more than 6%.
- Indian rupee also rose more than 6%.
- Korean Won saw the biggest increase among Asian currencies in 2017.

Local Currency Performance against USD in 2017



Source: Bloomberg

Macro Outlook

	Comment	GDP				CPI				Policy Rate								
		2016	2017	2018	2019	2016	2017	2018	2019	2016	2017	2018	2019	2018				
														1Q	2Q	3Q	4Q	
China	We expect China economic growth to decelerate very gradually caused by continuous downside pressure to raw material sectors. However, development of IT sectors can cause positive factor to economic growth. We believe that the government should maintain prudent and neutral monetary policy and aggressive fiscal policy in 2018 following Central Economic Working Conference in Dec.'17. The economy can avoid deflation through a mixture of supply side reforms and infrastructure investment.	6.7	6.9	6.7	6.6	2.0	1.6	1.9	2.2	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
India	We believe that the economy has entered a recovery phase after turmoil caused by introduction of GST. GDP growth should accelerate in 2018/19. We expect Modi administration to prefer aggressive fiscal policy to fiscal consolidation at fiscal budget for 2018/19, because general election is expected to be held in Apr-May 2019. Fiscal policy stance may cause RBI to change monetary policy stance to tightening bias.	7.1	6.5	7.8	7.9	4.5	3.7	4.9	4.6	6.25	6.00	6.00	6.00	6.00	6.00	6.00	6.00	
N I E S 4	Korea	We expect economic momentum to begin to wane in 2018 following expected slowing economic growth in China. We expect no change in monetary policies until the end of 2018.	2.8	3.1	2.8	2.8	1.0	1.9	2.0	2.0	1.25	1.50	1.50	1.50	1.50	1.50	1.50	
	Taiwan		1.4	2.6	2.3	2.2	1.4	0.6	1.3	1.2	1.375	1.375	1.375	1.375	1.375	1.375	1.375	
	Singapore		2.0	3.5	3.1	3.1	0.5	0.6	0.9	0.7								
	Hong Kong		1.9	3.7	2.9	2.8	2.4	1.5	2.3	2.5								
A S E A N 5	Indonesia	We expect economic growth to accelerate in 2018 led by domestic demands, despite of slowing China economy. We believe that some elections in ASEAN should cause consumer sentiment to improve. We expect general election to be held from Feb to May 2018 in Malaysia. Local elections will be held in Jun 2018 in Indonesia. General election will be held in Nov 2018 in Thailand. Mid election will be held in May 2018 in the Philippines. We expect twice rate hikes in 2018 in the Philippines but no rate hikes in other ASEAN economies.	5.0	5.1	5.4	5.5	3.5	3.8	3.8	4.1	4.75	4.25	4.25	4.25	4.25	4.25	4.25	
	Thailand		3.2	3.8	4.0	3.9	0.2	0.7	0.9	0.9	1.50	1.50	1.50	1.50	1.50	1.50	1.50	
	Malaysia		4.2	5.9	5.9	5.9	2.1	3.9	3.0	2.5	3.00	3.00	3.00	3.00	3.00	3.00	3.00	
	Philippines		6.9	6.7	6.9	7.1	1.8	3.2	3.8	3.6	3.00	3.00	3.50	3.50	3.25	3.25	3.50	3.50
	Vietnam		6.2	6.8	6.8	6.9	2.7	3.5	3.8	3.6	6.50	6.25	6.25	6.25	6.25	6.25	6.25	6.25

(Note) As of January 19th, 2018 and subject to updates thereafter without notice. Figures in are actual figures. Other figures are forecasts. YoY growth rate.

(Source) Bloomberg, forecasts are by SMAM.

Currencies & Interest Rate Outlook

Weak USD leads to strong local currencies for 2018					
	Exchange Rate		Exchange Rate Outlook	Monetary Policy	Interest Rate Outlook
	2017	2018F			
China	6.507	6.450	There is some room for DXY to depreciate and this should cause appreciation of the CNY. An upgrade in economic structure should cause the pace of capital outflow to ease.	Neutral	We expect the PBOC to maintain its neutral stance as the economy is stable, and keep base lending/deposit interest rates unchanged in 2018.
Korea	1,071	1,050	KRW is expected to remain at current rates assuming no escalation of geopolitical tensions on the Korean peninsula.	Neutral	We expect the BOK to keep its policy interest rate unchanged in 2018.
India	63.87	63.00	Potential shift to tightening bias in monetary policy should cause INR to appreciate.	Neutral (tightening bias)	We expect the RBI to keep its policy interest rate unchanged in 2018.
Singapore	1.336	1.300	The expected appreciation of the MYR along with stabilization of the IDR should cause the SGD to appreciate.	Neutral (flat of S\$ NEER)	We expect the MAS to maintain its current policy stance in 2018.
Malaysia	4.047	3.900	We believe the MYR is still undervalued. The expected victory of UMNO at General Election in 1H2018 and expected rate hike should cause the MYR to appreciate.	Neutral (tightening bias)	We expect the BNM to maintain its policy interest rate in 2018.
Thailand	32.58	31.50	The THB should still face appreciation pressure under C/A surplus. We expect BOT to intervene in FX markets to sell THB.	Neutral	We expect the BOT to keep its policy interest rate unchanged in 2018.
Indonesia	13,568	13,300	We believe Bank Indonesia will prefer to keep the IDR stable, and would intervene in the FX market to sell IDR if needed.	Neutral	We expect BI to keep its policy interest rate unchanged in 2018.
Philippines	49.92	49.50	Rate hike expectation should cause PHP to appreciate.	Tightening	Given inflationary pressure caused by the output gap, we expect BSP to raise its policy interest rate in 1Q18 and 3Q18.
Australia	0.7809	0.7800	We expect AUD to hover around 0.75-0.80.	Neutral	We expect the RBA to maintain its policy interest rate unchanged in 2018.

(Note) Exchange rates (actual and forecast) are as of January 19th, 2018 and subject to updated thereafter without notice. (Source) Bloomberg, forecasts are by SMAM.

Equity Markets Outlook

We maintain an overall positive view for Asia, for which we expect solid growth in corporate earnings in 2018. Overall conditions (currency, economic fundamentals) are positive for the markets going forward. Rates hike are expected in some countries, but their impact will be limited.

	OW	N	UW	Comment
China	○			Economic growth will be sustainable at above 6.5% in the coming years, structural change will have a positive impact on the overall economy. Strong corporate earnings are driven by New China themes including IT, healthcare, and fintech. Valuation is also reasonable.
Hong Kong			○	Hong Kong is a beneficiary of the Chinese economy, to which it is closely tied. On the other hand, earnings growth is expected to be relatively slow in 2018.
Korea		○		Korea is still dependent on large tech companies. Geopolitical uncertainties in the Korean peninsula will ease should a round table for leaders of the two Koreas and US eventuate.
Taiwan			○	IT sector will lead the overall economy. However, weak demand for smartphones should have some impact on the Taiwan IT sector in the near future.
Singapore			○	Corporate earnings are expected to be slow amid the stable economic growth. Steady upside in the market is expected.
Malaysia			○	Commodity prices are on an upward trend which leaves some upside for Malaysian equity market. The 2018 General Election will be another catalyst for markets, but will have no long lasting effect.
Thailand	○			Economy is expected to bottom out, with export and domestic consumption leading recovery. We expect the Thai market will steadily move upward in 2018.
Indonesia	○			Steady economic growth and expected domestic consumption growth will push market up in 2018.
Philippines	○			We remain bullish on Philippines, which is expected to be the fastest growing economy in Asia. Tax reform is a positive for the Philippine economy in the medium to long term.
Vietnam	○			Vietnam market is expected to move upward as deregulation for foreign ownership and IPO boost demand from international investors. FDI inflow supports balance of payment, which benefits investors' return on investment.
Australia			○	Economy is expanding supported by domestic consumption, government spending, and a neutral fiscal policy. Commodity markets are recovering as China economy steadily expands.
India		○		Solid economic growth with Modi's high approval rate will support Indian equity as well as fiscal spending for regional elections in 2018 and general election in 2019.

(Note) As of December 27th, 2017 and subject to updates thereafter without notice.

Asia equities – China “New China” is emerging

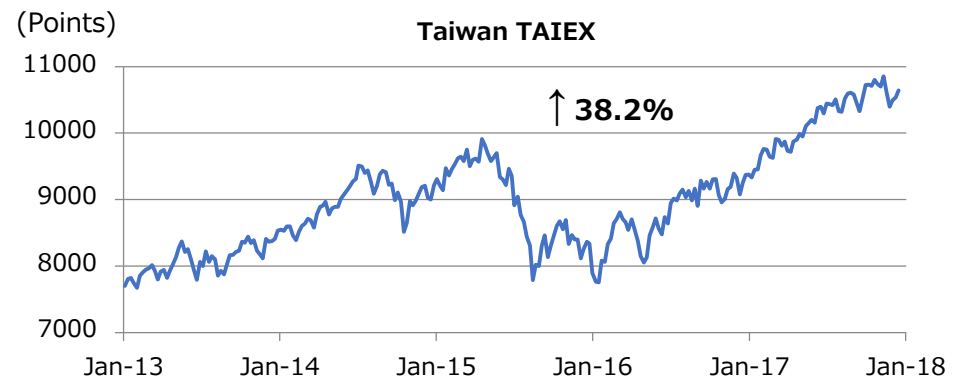
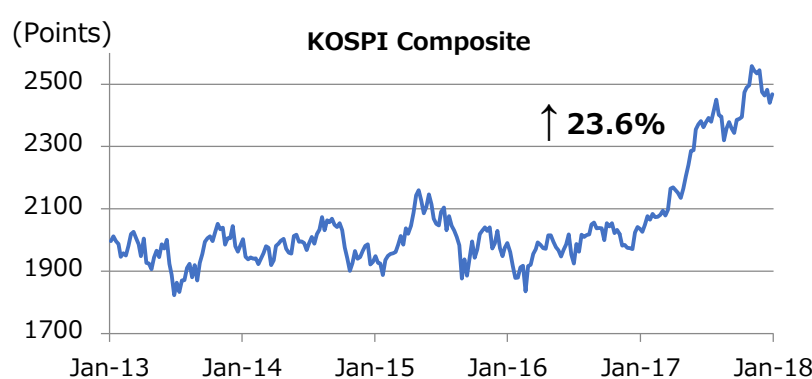
- New China themes such as e-commerce, online gaming, healthcare, education, financial service, high-end manufacturing are major beneficiaries in economic restructuring. Policy directives including Made in China 2025 and China AI 2030 support leading companies in New China theme to build global competitiveness in the medium term.
- A new balancing between Growth and Quality highlights the importance of sustainable growth. Measures such as environmental protection require traditional industries to improve operating efficiency which drives industry consolidation.
- The positive view of A-Shares for the inclusion in the MSCI EM Index could be incentive for the international investors to hold Chinese shares. Stable growth in consumption remains an ongoing theme. Sectors such as F&B (liquor), healthcare, retail, construction, electronics and chemicals are beneficiaries of ongoing development.



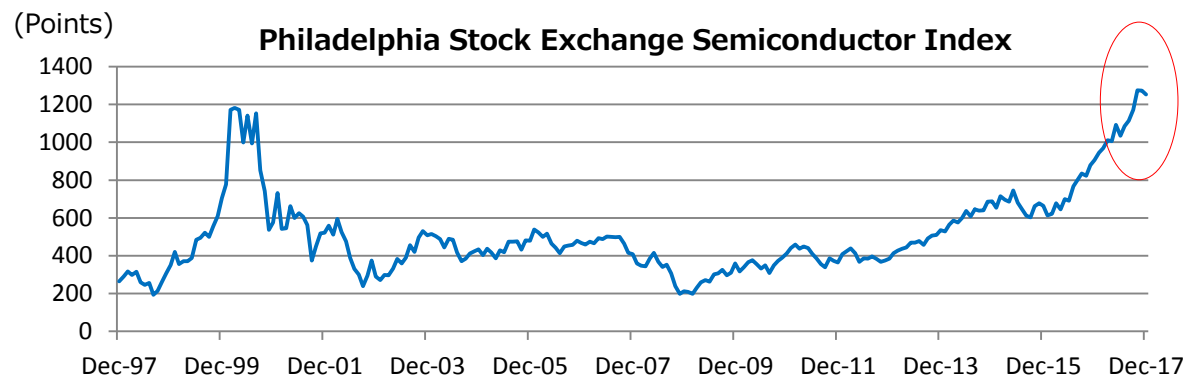
Note: Data period for all 3 charts are from 31 December 2012 to 31 December 2017. % shows price difference of data period. Source: FactSet

Asia equities – NIES 4 tech sector still leads the market

- **Korea** The technology sector has a heavy weighting in the Korean equities market. Strong earnings of large cap stocks have impact on the market as a whole and this situation will continue for the time being. We upgraded Korea to neutral from underweight due to solid earnings outlook. Geopolitical concern is likely to be eased.
- **Taiwan** The technology sector now represents around half of total market capitalization of the Taiwan equity market, and this sector is the main industry to determine the weighting of Taiwan. Concern of weak smartphone demand keeps Taiwan in neutral position.



Note: Data period is from 31 December 2012 to 31 December 2017. % shows price difference of data period. Source: FactSet



Note: Data period is from Dec 1997 to Dec 2017. Source: Bloomberg

Asia equities – NIES 4 positive economic growth is expected

- **Hong Kong** The Hong Kong economy is backed by China and growing at a steady pace. Property prices are stretched by strong demand from local as well as mainland buyers, and appreciation is expected to continue in 2018. The HKEX's Stock Connect attracts new money from mainland China. New IPO will boost demand for Chinese investors and global investors. However, corporate earnings outlook appears weak.
- **Singapore** Singapore's economic growth is recovering as are corporate earnings which support steady growth in the equities market. Global economic growth drives growth in Singapore exports. Also, pick up of residential market is positive for the economy and equity market.

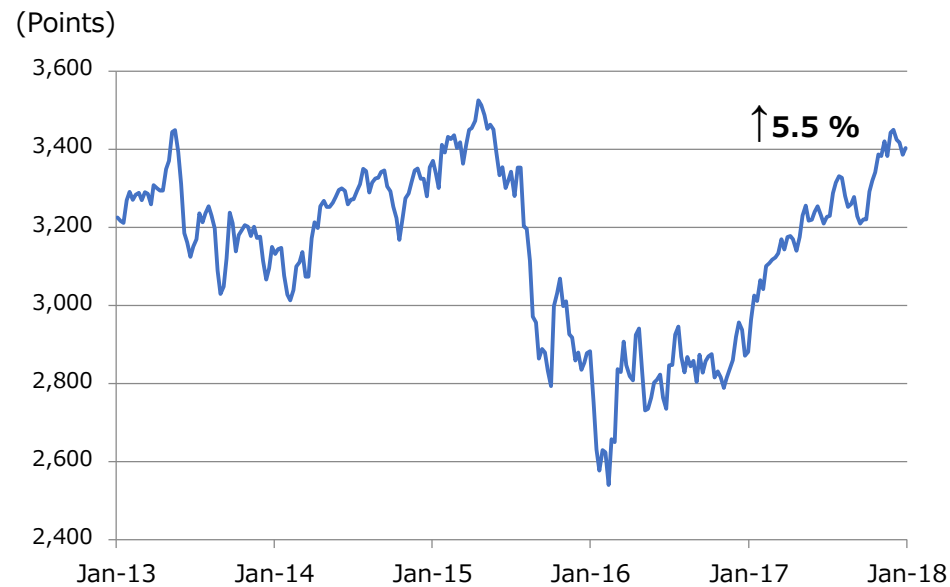
Hang Seng Index



Note: Data period is from 31 December 2012 to 31 December 2017.
% shows price difference of data period.

Source: FactSet

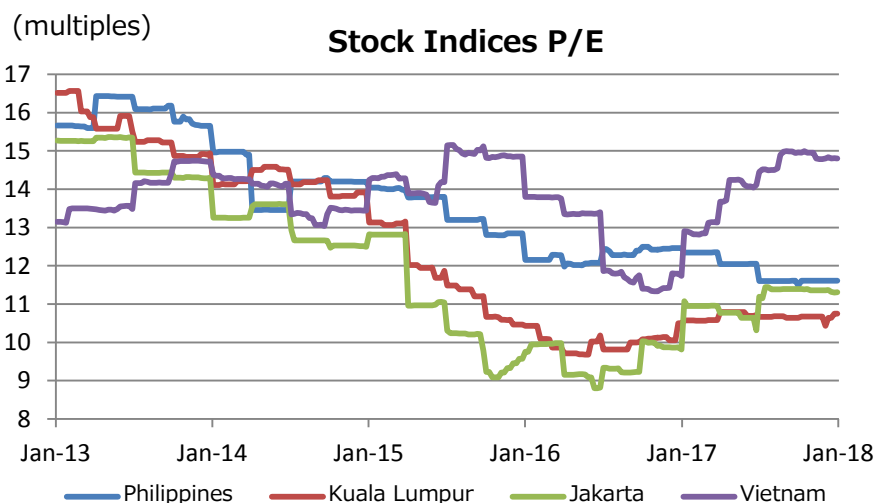
Strait Times Index



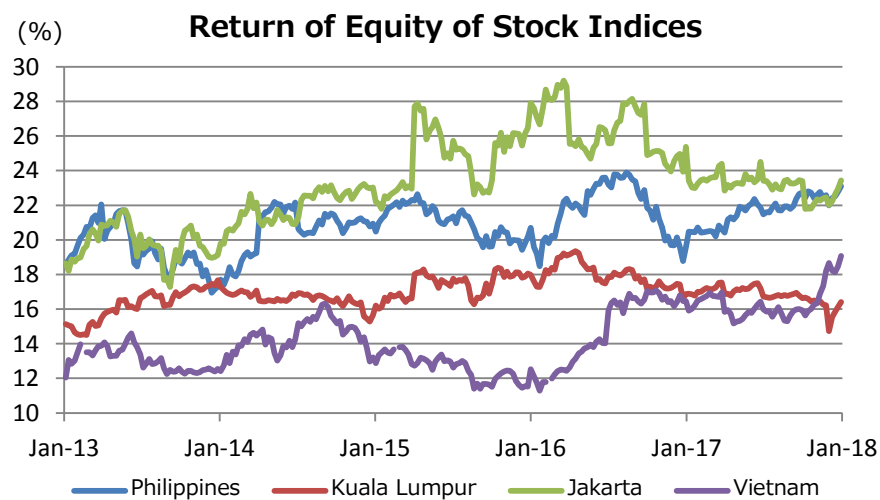
Note: Data period is from 31 December 2012 to 31 December 2017.
% shows price difference of data period.

Asia equities – ASEAN 5 optimism is there

- **Thailand** The Thai economy is expected to grow with strong external demand and domestic consumption growth. We expect equity market will react positively to strong economic growth.
- **Malaysia** After a period of consolidation, equity market is gradually pricing in the positive factor of expected General Election this year. Malaysian Ringgit is appreciating in response to the General Election. Still, there is upside left.
- **Indonesia** Easing of monetary policy, low inflation, along with infrastructure development initiatives led by the current administration are expected to boost GDP growth and the equities market for 2018. Fitch's one notch upgrade on Indonesian government bond indicates strong Indonesian fundamentals.
- **Philippines** Favorable demographics, rising FDI inflow and infrastructure development are leading to robust growth in the economy and the equities market. Tax reform will also have positive impact on equity market.
- **Vietnam** Deregulation in foreign ownership of domestic firms is expected to continue to raise interest in Vietnamese equities with strong export growth and continuing FDI.



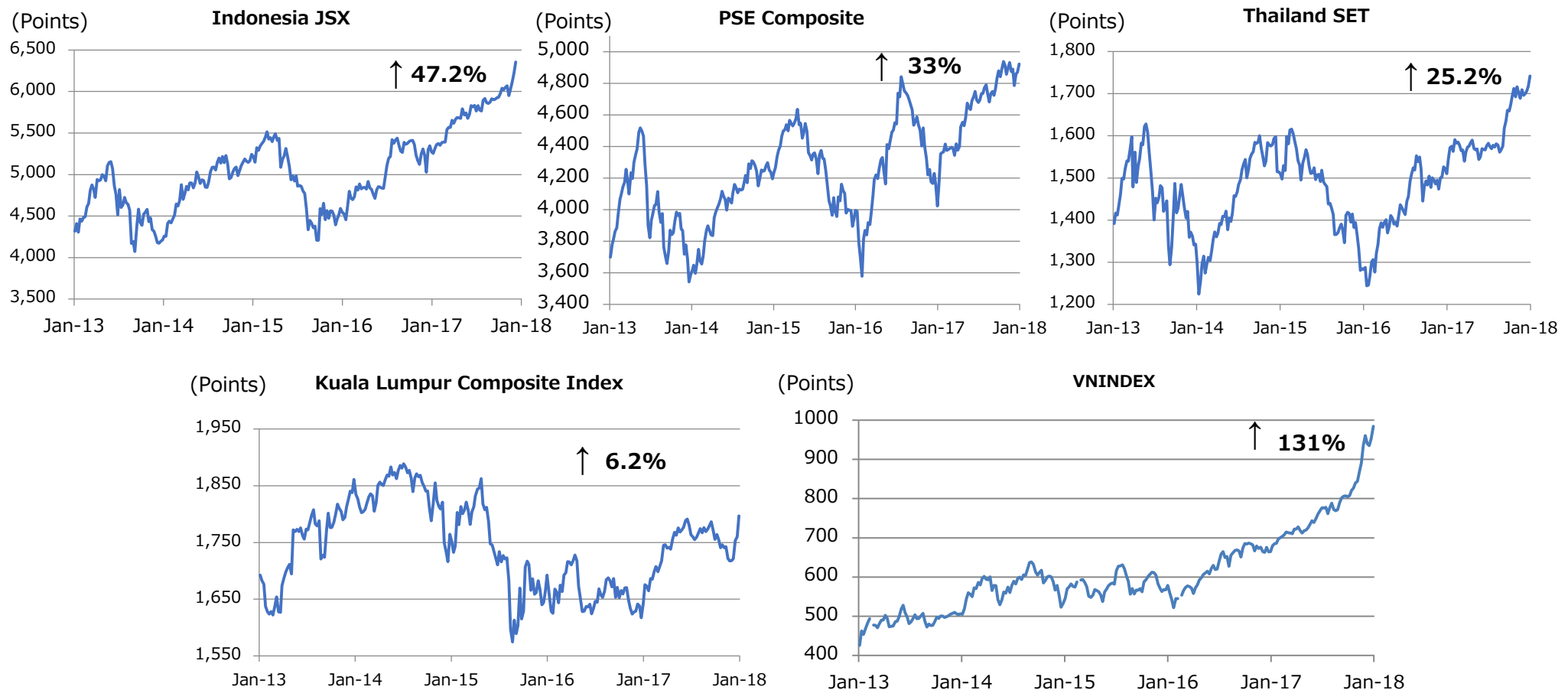
Note: Data period is from Dec 2012 to Dec 2017.



Source: Bloomberg

Asia equities – ASEAN 5 optimism is there

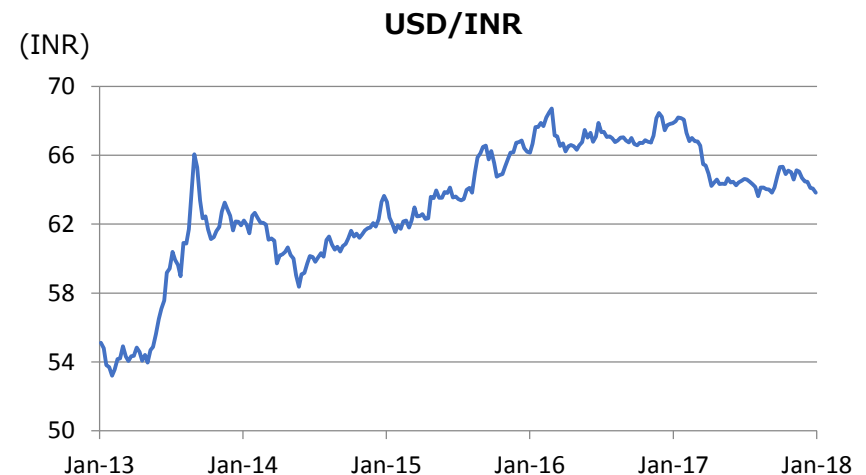
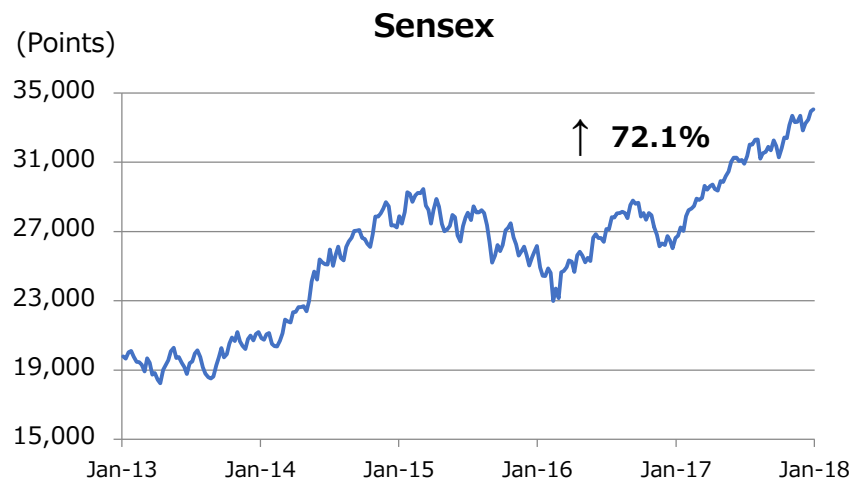
- **Valuation:** Malaysia, Thailand, Indonesia and Vietnam markets are on an upward trend, while valuation remains relatively inexpensive.
- **Profitability:** ASEAN companies are becoming more profitable and are expected to drive markets to a higher level, while ROE is on a recovering trend.



Note: Data period is from 31 Dec 2012 to 31 Dec 2017. % shows price difference of data period.

Asia equities – India solid growth continues

- Solid economic growth is expected in 2018 to 2020. Nikkei PMI Index is returning to above 50.
- Favorable demographics and a growing middle class remain cause for optimism, as is strong government support for infrastructure development.
- The government will exceed its targeted spending deficit. Meanwhile, to win votes in the regional election, local governments will be spending more. This is reason for RBI to shift to a hawkish stance.
- Corporate earnings are expected to grow as the economy expands. Programs such as Digital India as well as infrastructure development will support growth in India for the next decade.
- General Election in 2019 will be a key chance for the Modi's administration to strengthen India as a whole.



Note: Data period of Sensex is from 31 Dec 2012 to 31 Dec 2017. % shows price difference of data period.
Data period of USD/INR is from 31 Dec 2012 to 31 Dec 2017.

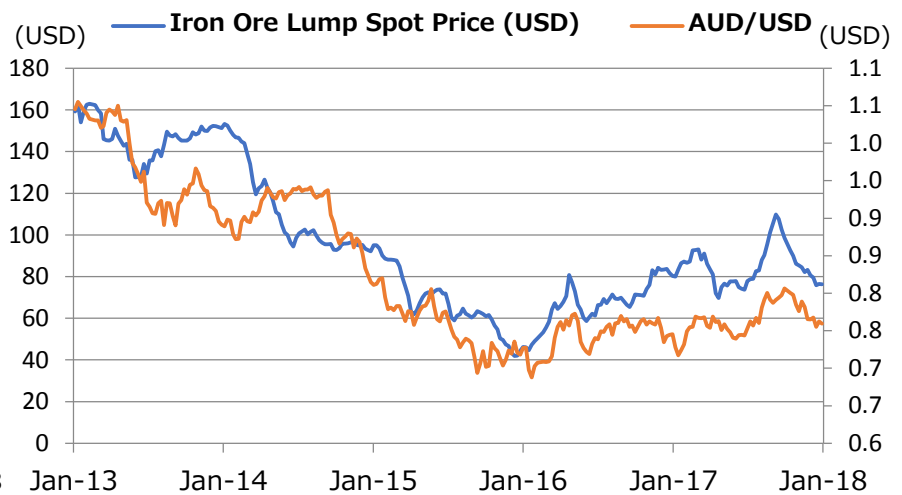
Source: Bloomberg

Asia equities – Australia short term upside is limited

- Domestic consumption related companies in the ASX 200 (excluding mining sector) are expected to see earnings growth of around 5%, in line with nominal GDP growth in 2018.
- Commodity prices are recovering, driven by steady Chinese economy. This will support companies with exposure to the mining sector.
- Increase in household and government spending is expected to support the overall economy in 2018.
- Equity market has priced in the economic recovery in Australia and we expect market will move in the narrow range.



Iron Ore Lump Spot Price and AUD/USD Exchange Rate

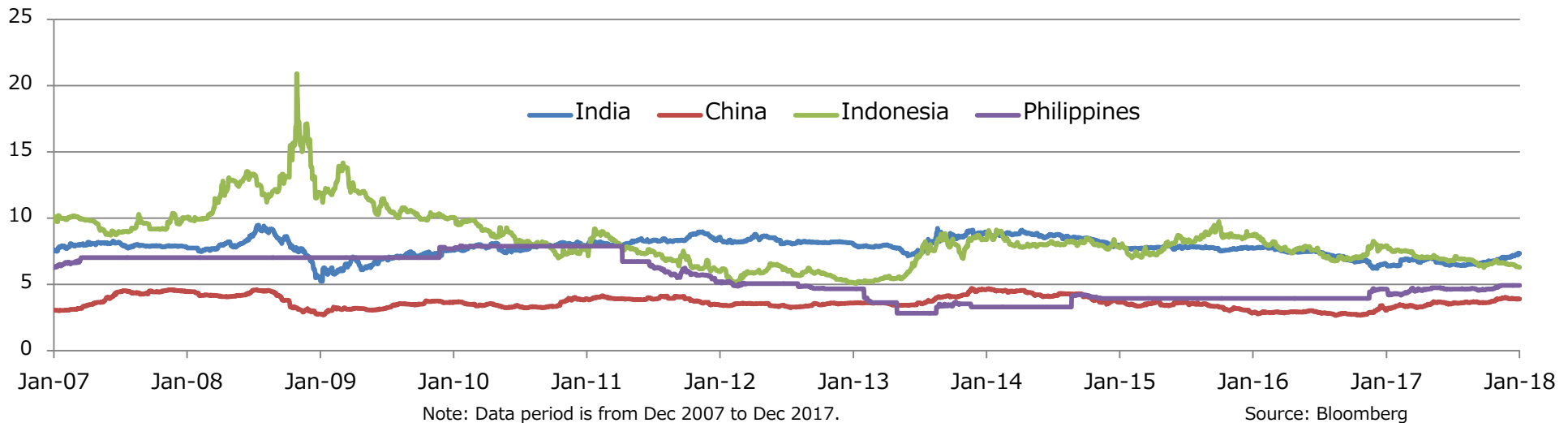


Note: Data period: ASX 200 is from 31 Dec 2012 to 31 Dec 2017. Iron ore spot price and AUD/USD exchange rate are from 31 Dec 2012 to 31 Dec 2017
Source: Bloomberg

Government bond yields

- **India** The central bank shaved 2 percentage points off the repo rate in the past two years to stimulate the economy. Currently, Nikkei India PMI is recovering to the mid-50s while CPI inflation moves closer to the higher end of the 2-6% target. Fiscal deficit has also exceeded the full-year target. These factors are cause for the RBI to change the monetary policy from neutral to tightening stance in 2018, which will in turn drive 10 year government bond yield upwards.
- **Indonesia** Fitch upgraded Indonesia's sovereign bonds by one notch to BBB with a stable outlook in December 2017. The upgrade is expected to drive foreign demand for Indonesian sovereign bonds. Bank Indonesia will keep policy rate unchanged in 2018 to drive domestic consumption up as well as economic growth. Indonesian 10 year government bond yield will not deviate from the current range.
- **Philippines** Economic indicators are strong and GDP growth is the highest in the region. Rate hike will depend on timing of tax reform. Government bond yield is expected to move upward from the current level of 5%.
- **China** China's economy has been robust while the PBOC adopts a slightly tightening bias on monetary policy. Also, CNY is expected to appreciate gradually. We expect the PBOC to maintain its neutral stance and keep base lending rate unchanged. Government bond yield will be moving in a narrow range around the 4% level.

10 Year Government Bond Yield



Asia: PMI

- Solid economic momentum in China was a positive factor for many other Asian economies.
- In India, turmoil with the introduction of GST appears to have no lasting impact.

ASIA Manufacturing PMI		Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
China	NBS	51.3	51.6	51.8	51.2	51.2	51.7	51.4	51.7	52.4	51.6	51.8	51.6
	Caixin	51.0	51.7	51.2	50.3	49.6	50.4	51.1	51.6	51.0	51.0	50.8	51.5
Korea	Nikkei	49.0	49.2	48.4	49.4	49.2	50.1	49.1	49.9	50.6	50.2	51.2	49.9
Taiwan	Nikkei	55.6	54.5	56.2	54.4	53.1	53.3	53.6	54.3	54.2	53.6	56.3	56.6
ASEAN	Nikkei	50.0	50.3	50.9	51.1	50.5	50.0	49.3	50.4	50.3	50.4	50.8	49.9
Indonesia	Nikkei	50.4	49.3	50.5	51.2	50.6	49.5	48.6	50.7	50.4	50.1	50.4	49.3
Thailand	Nikkei	50.6	50.6	50.2	49.8	49.7	50.4	49.6	49.5	50.3	49.8	50.0	50.4
Malaysia	Nikkei	48.6	49.4	49.5	50.7	48.7	46.9	48.3	50.4	49.9	48.6	52.0	49.9
Philippines	Nikkei	52.7	53.6	53.8	53.3	54.3	53.9	52.8	50.6	50.8	53.7	54.8	54.2
Vietnam	Nikkei	51.9	54.2	54.6	54.1	51.6	52.5	51.7	51.8	53.3	51.6	51.4	52.5
India	Nikkei	50.4	50.7	52.5	52.5	51.6	50.9	47.9	51.2	51.2	50.3	52.6	54.7

Source: Bloomberg

Asia: International Reserves & Currency

- Central banks of ASEAN countries and India seems to have taken aggressive intervention to sell their currencies.
- In China, the pace of capital outflow continues to ease.

Asia International reserve

Bil USD

Erea	Quartely								Monthly					Rate of change
	2016				2017				2017					2017
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Aug	Sep	Oct	Nov	Dec	YTD
China	3,212.6	3,205.2	3,166.4	3,010.5	3,009.1	3,056.8	3,108.5	3,139.9	3,091.5	3,108.5	3,109.2	3,119.3	3,139.9	4.3%
Hong Kong	362.0	360.7	362.5	386.2	395.5	408.0	419.3	431.3	413.8	419.3	419.2	422.1	431.3	11.7%
Korea	369.8	369.9	377.8	371.1	375.3	380.6	384.7	389.3	384.8	384.7	384.5	387.3	389.3	4.9%
Taiwan	431.6	433.6	436.7	434.2	437.5	441.9	447.2	451.5	446.4	447.2	447.8	450.5	451.5	4.0%
Philippines	83.0	85.3	86.1	80.7	80.9	81.3	81.0	81.5	81.7	81.0	80.4	80.3	81.5	1.0%
Thailand	175.1	178.7	180.5	171.9	180.9	185.6	199.3	202.6	196.9	199.3	200.5	203.1	202.6	17.9%
Malaysia	97.0	97.2	97.7	94.5	95.4	98.9	101.2	102.4	100.5	101.2	101.5	101.9	102.4	8.3%
Singapore	246.2	248.9	253.4	246.6	259.6	266.3	275.4	279.9	273.1	275.4	276.0	279.6	279.9	13.5%
Indonesia	107.5	109.8	115.7	116.4	121.8	123.1	129.4	130.2	128.8	129.4	126.5	126.0	130.2	11.9%
India	360.2	363.5	372.0	358.9	370.0	386.5	400.2	409.4	397.8	400.2	399.2	401.9	409.4	14.1%
DXY (MoM,QoQ)	-4.1%	1.6%	0.6%	7.1%	-1.8%	-4.7%	-2.7%	-1.0%	-0.2%	0.4%	1.6%	-1.6%	-1.0%	
EUR (MoM,QOQ)	4.8%	-2.4%	1.2%	-6.4%	1.3%	7.3%	3.4%	1.6%	0.6%	-0.8%	-1.4%	2.2%	0.8%	
GBP (MoM,QoQ)	-2.6%	-7.3%	-2.5%	-4.9%	1.7%	3.8%	2.9%	0.9%	-2.2%	3.6%	-0.9%	1.8%	-0.1%	
JPY (MoM,QoQ)	6.8%	9.1%	1.8%	-13.3%	5.0%	-0.9%	-0.1%	-0.2%	0.3%	-2.2%	-1.0%	1.0%	-0.1%	

Source: CEIC, Bloomberg

Asia: External balance

- Fundamentals of Balance of Payment in Asia have improved more than other regions.

Asia CA & FDI

Area		CY1996			CY2016		
		A) CA	B) FDI	A)+B)	A) CA	B) FDI	A)+B)
		[%]	[%]		[%]	[%]	
Asia	China	0.8	4.4		1.8	▲0.4	
	Korea	▲4.0	▲0.4		7.0	▲1.2	
	Taiwan	3.7	▲0.7		13.4	▲1.8	
	Indonesia	▲3.3	2.4		▲1.8	1.6	
	Thailand	▲8.1	0.8		11.5	▲2.6	
	Malaysia	▲4.4	5.0		2.0	1.5	
	Philippines	▲4.8	1.6		0.2	1.4	
	India	▲1.5	0.6		▲0.5	1.7	
Other EM	Turkey	▲1.4	0.5		▲3.8	1.1	
	South Africa	▲1.7	▲0.8		▲3.2	▲0.4	
	Brazil	▲2.4	0.5		▲1.3	4.0	
	Mexico	▲0.6	3.3		▲2.7	2.6	

Source:CEIC, CA = Current Account, FDI = Foreign Direct Investment

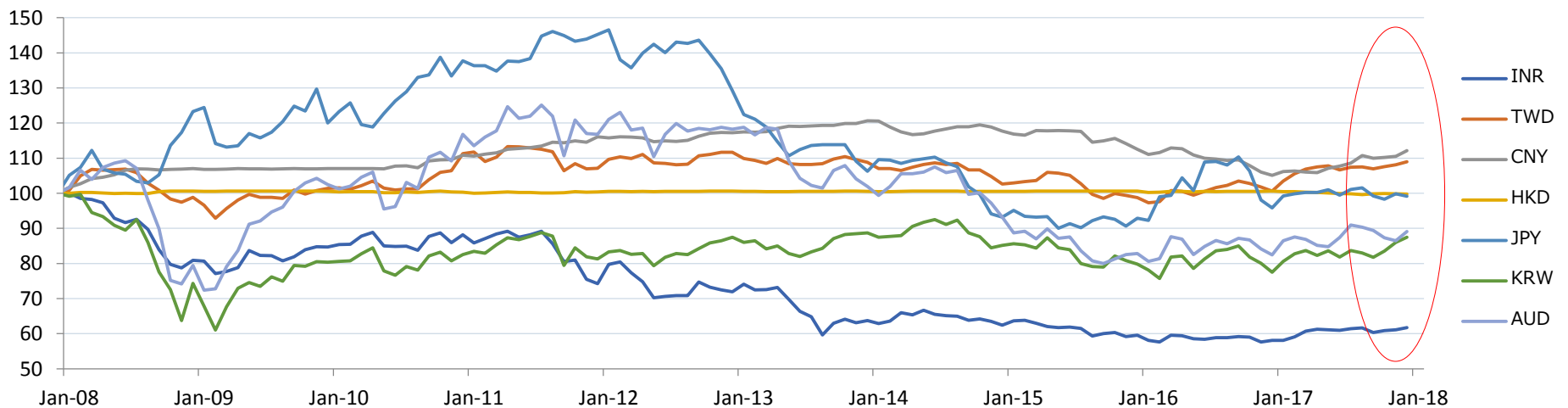
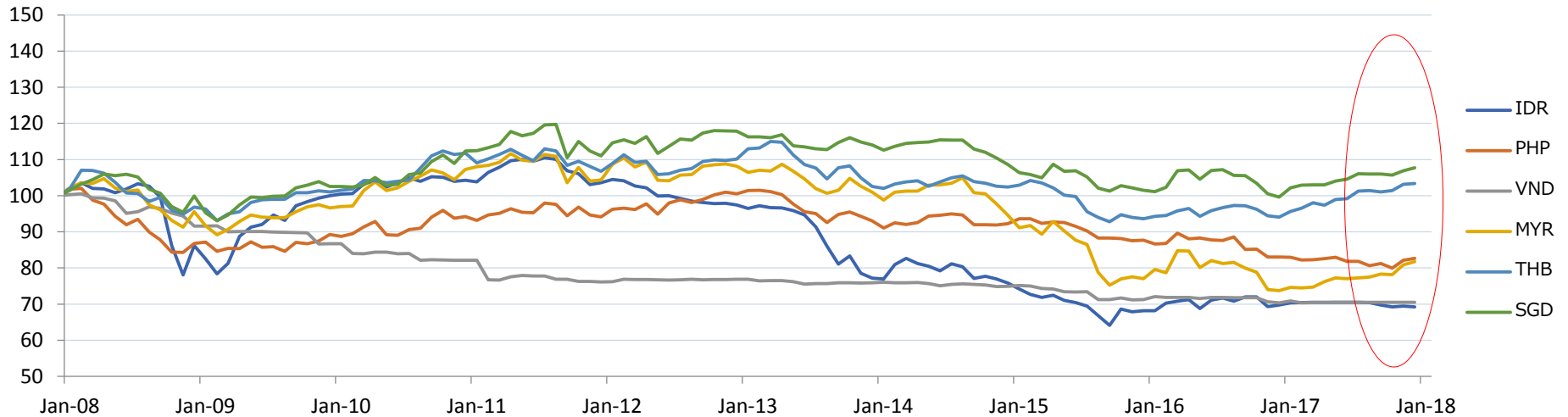
External Debt & International Reserve

Area		CY1996			CY2016		
		Debt to Reserve ratio			Debt to Reserve ratio		
		[%]	Debt Bil USD	Reserve Bil USD	[%]	Debt Bil USD	Reserve Bil USD
Asia	China	13	14	108	29	871	3,033
	Korea	206	70	34	29	105	366
	Taiwan	#N/A	#N/A	89	37	160	435
	Indonesia	175	32	18	37	42	114
	Thailand	126	48	38	32	53	166
	Malaysia	41	11	27	94	87	93
	Philippines	77	8	10	20	15	74
	India	32	7	21	25	84	342
Other EM	Turkey	103	17	17	106	98	93
	South Africa	957	11	1	86	37	43
	Brazil	61	36	59	18	67	363
	Mexico	153	30	19	30	52	174

Source:CEIC, Debt = Short term external debt, Reserve = International Reserve

10-year exchange rate (against USD)

➤ Many Asian currencies had entered an appreciation cycle in 2017.



Note: Data period of both Major ASEAN currencies and other major currencies are from Dec 2007 to Dec 2017.

Source: FactSet

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