

EM Asia: Some observations on the post-COVID-19 recovery and inflation

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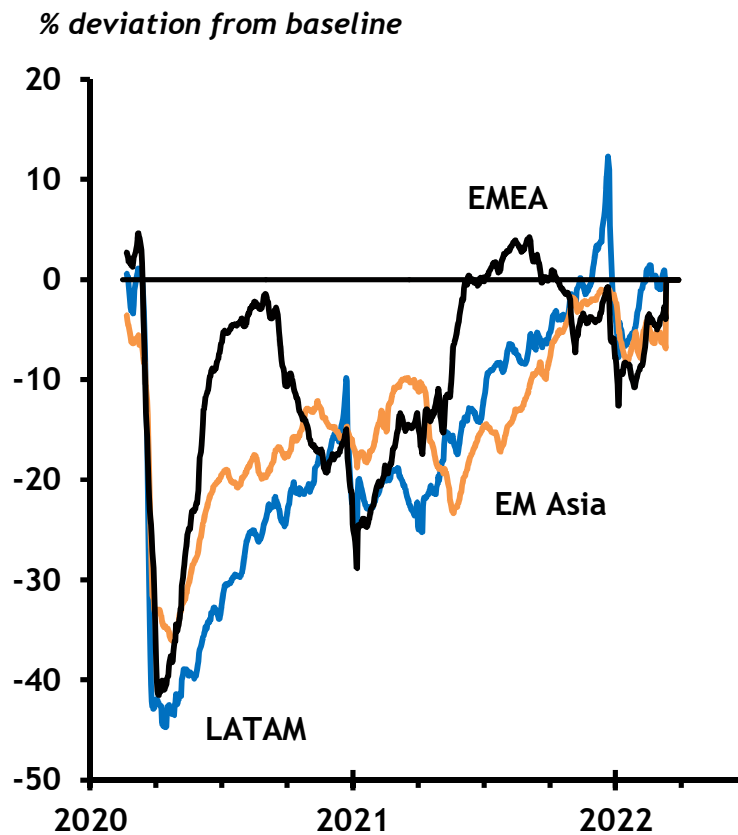
On the path to an endemic equilibrium

Three observations and themes

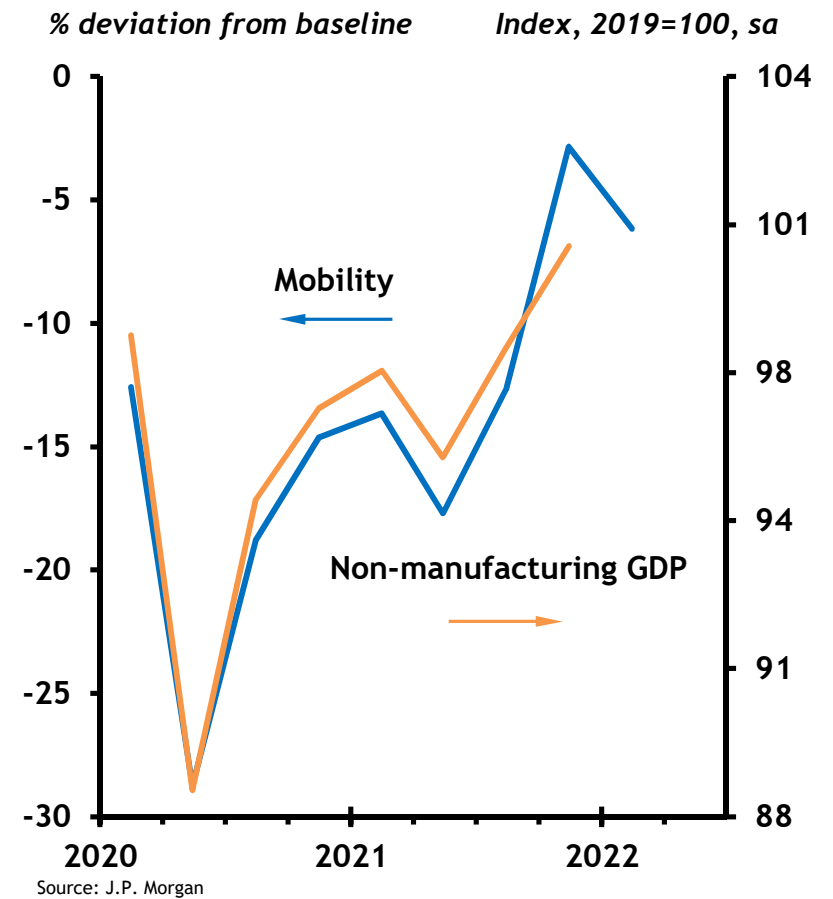
1. **EM Asia shifting to an endemic equilibrium and its implications**
2. **Some observations on inflation - Not your regular post-2008 CPI cycle**
 - a) Rising commodity prices complicates; labor market remains key
3. **US policy tightening**

Theme 1: Moving to an endemic equilibrium

EM mobility



EM Asia ex CN non-manufacturing and mobility

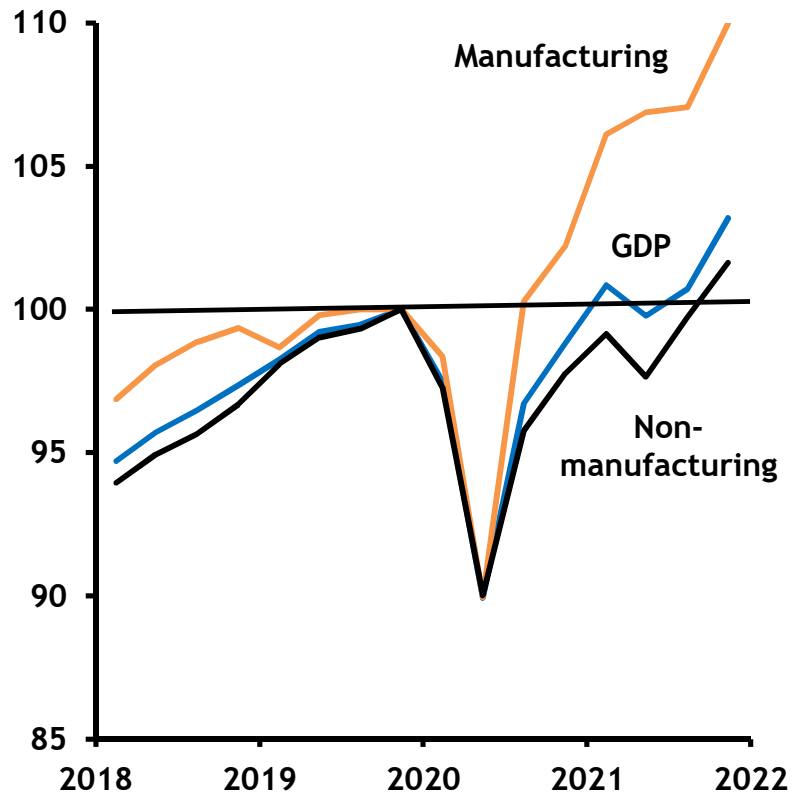


See ["Rising divergence in EM Asia's path through the pandemic"](#), 13 August 2021, JPMM

COVID-19 hit services hit hard, now catching-up

EM Asia GDP

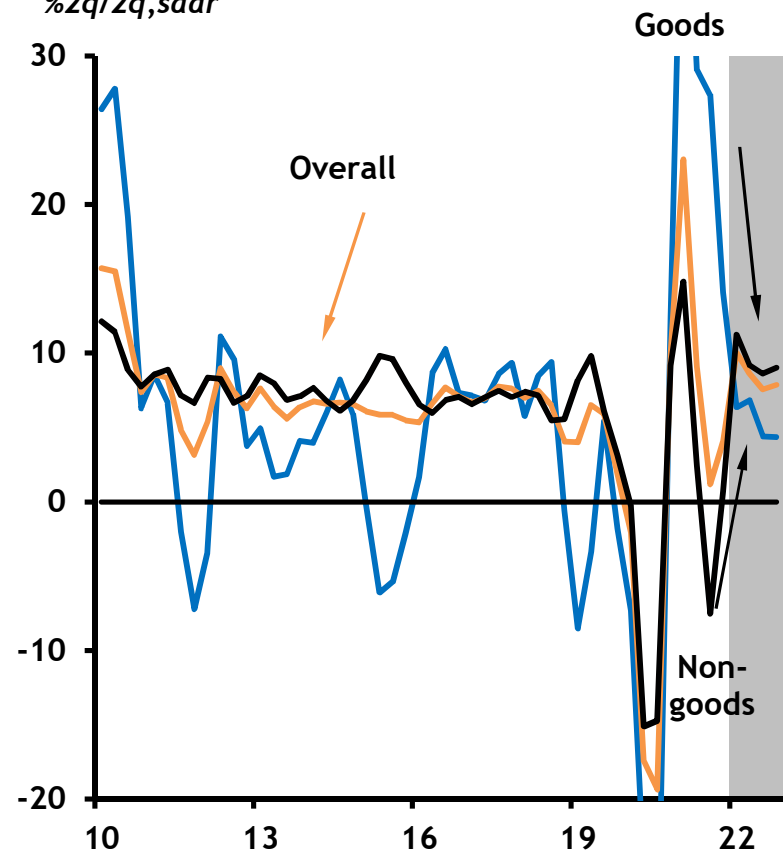
Index, 4Q19=100, sa, simple average



Source: National sources
Note: HK data as at 3Q21

EM Asia ex CN GDP

%2q/2q, saar

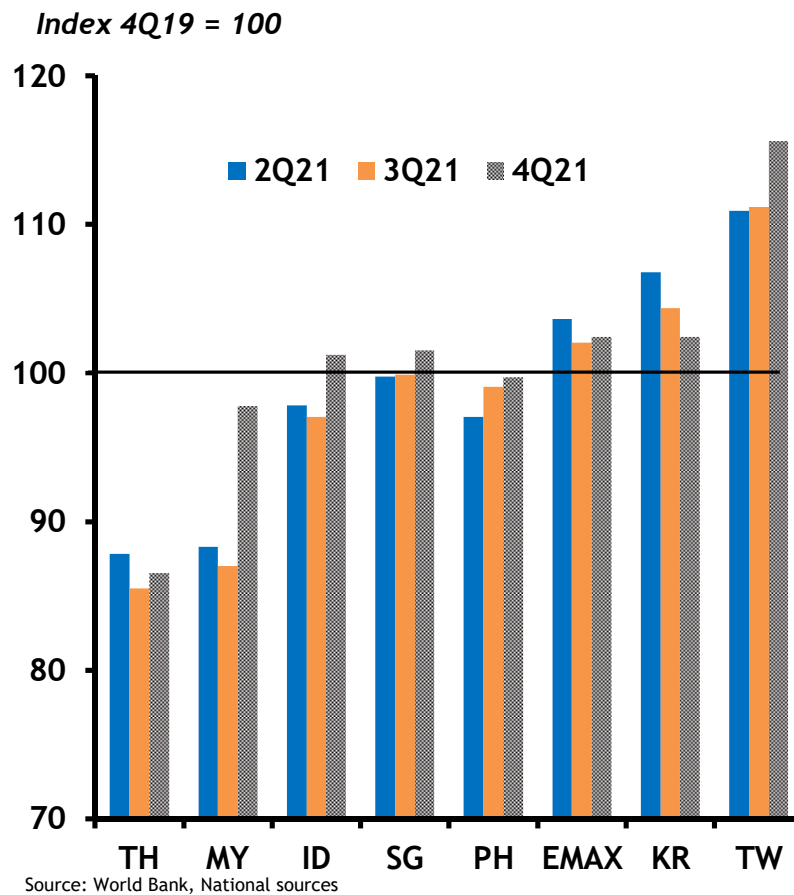


Source: National sources and J.P. Morgan forecasts in shaded area

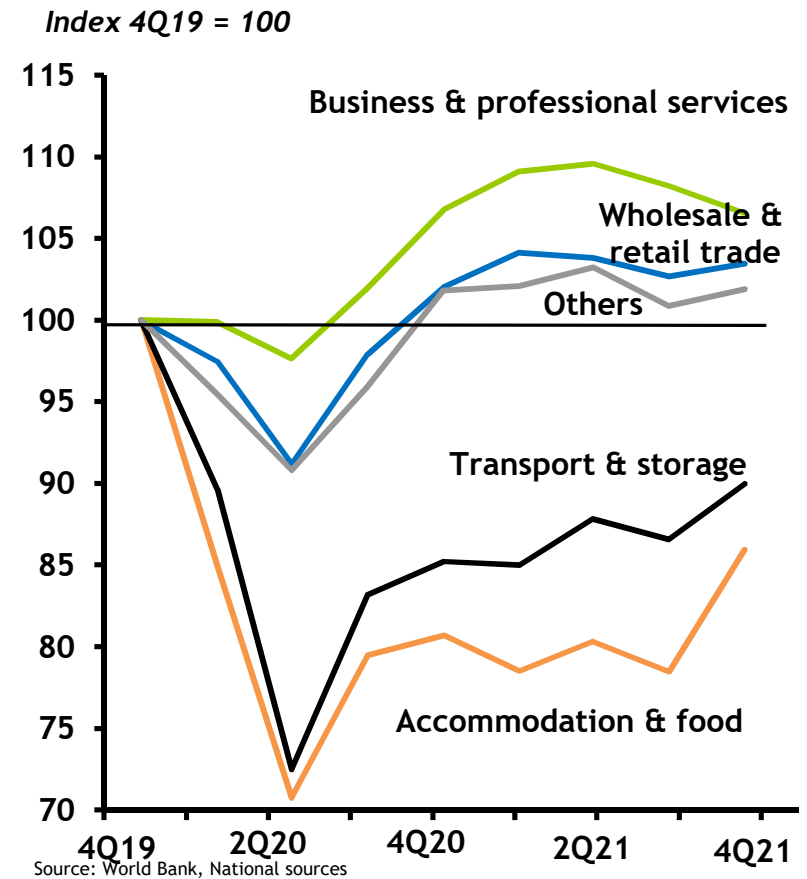
See ["Spillovers from narrowing EM Asia-US growth differentials"](#), March 12, 2021

Services catching up; laggards to lead

EMAX service-sector output by country



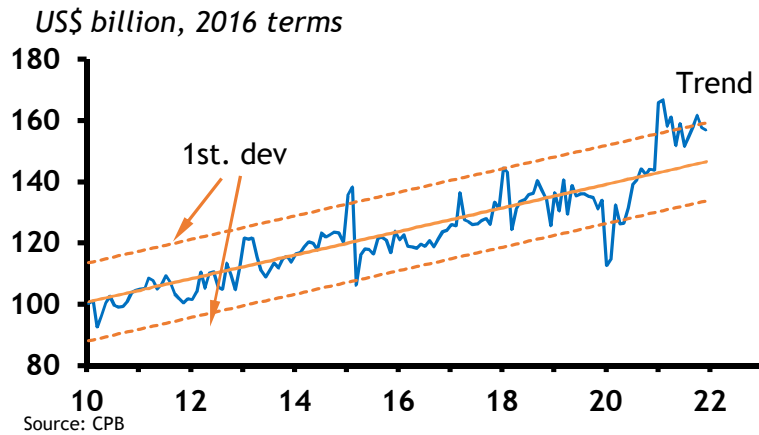
EMAX service-sector output by sector



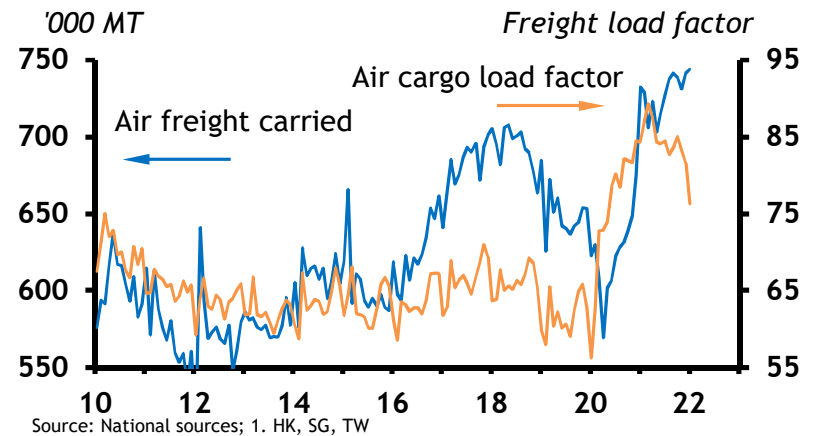
See ["Asia focus: Recovery of the service sector,"](#) 29 January 2021, JPMM

Goods bottlenecks on balance easing, China in focus

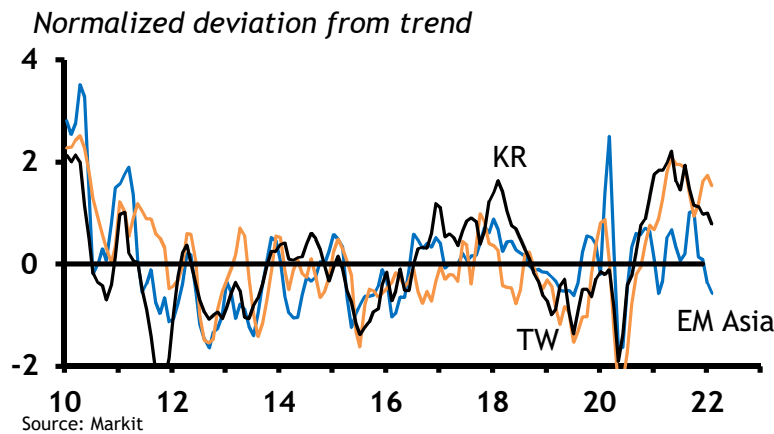
EM Asia export volumes



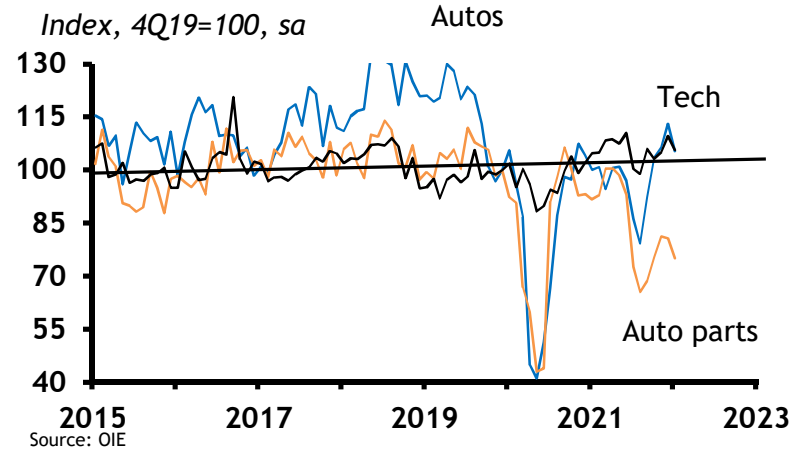
EM Asia-3¹ air freight and load factors



EM Asia backlogs of work



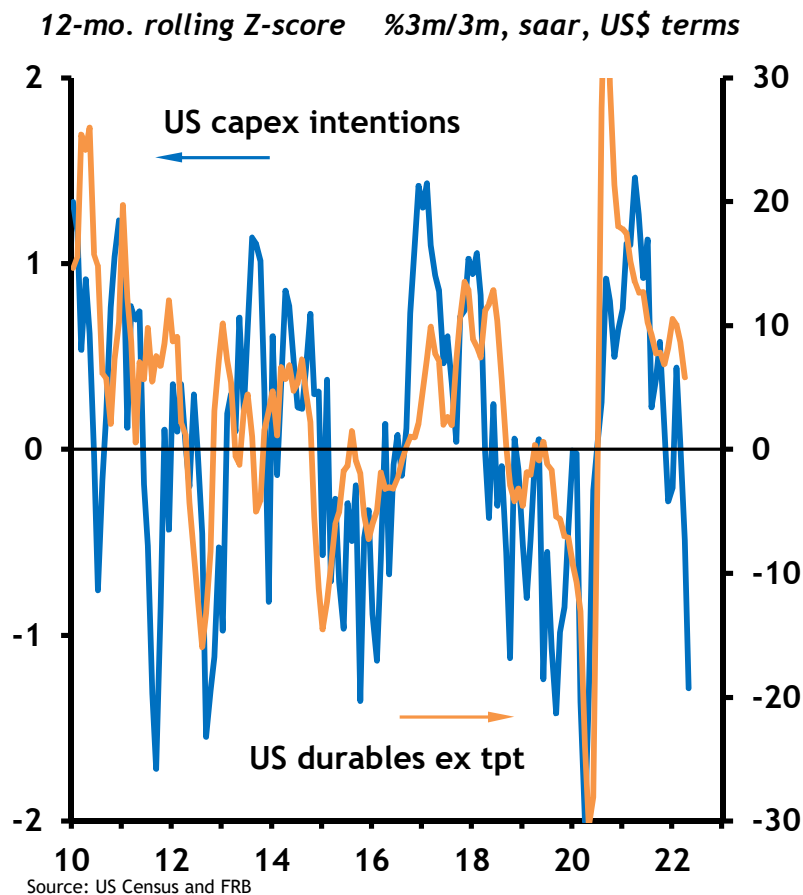
Thailand manufacturing production



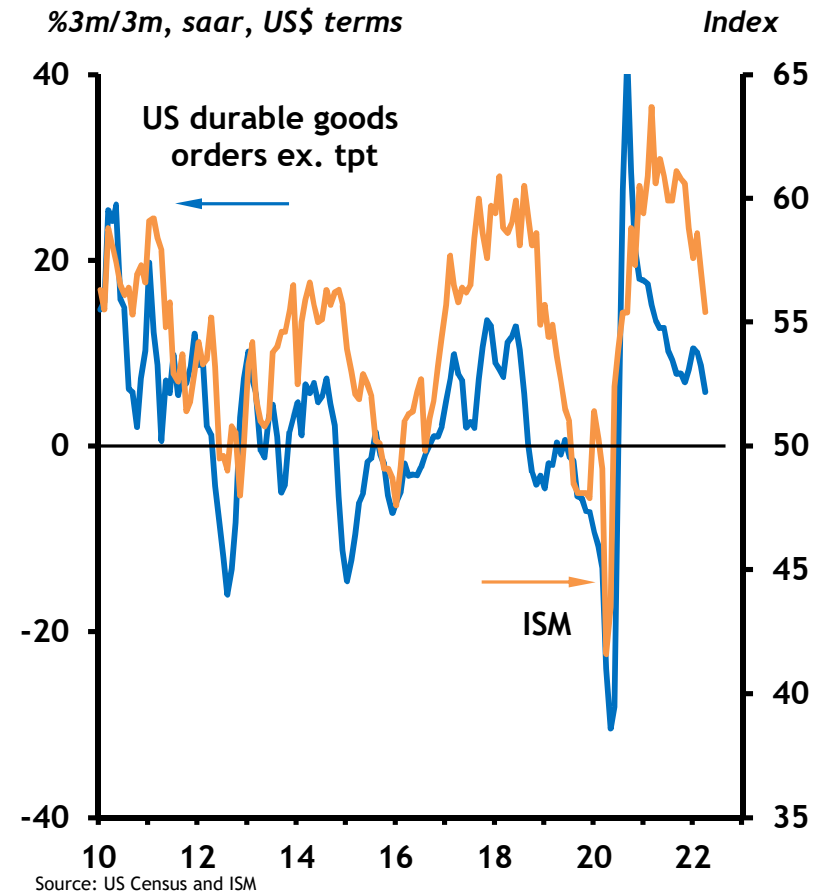
See ["Macro spillovers from EM Asia's shipping logjams,"](#) 1 October, 2021, JPMM

US capital spending looks to be slowing

US durables and FRB capex intentions



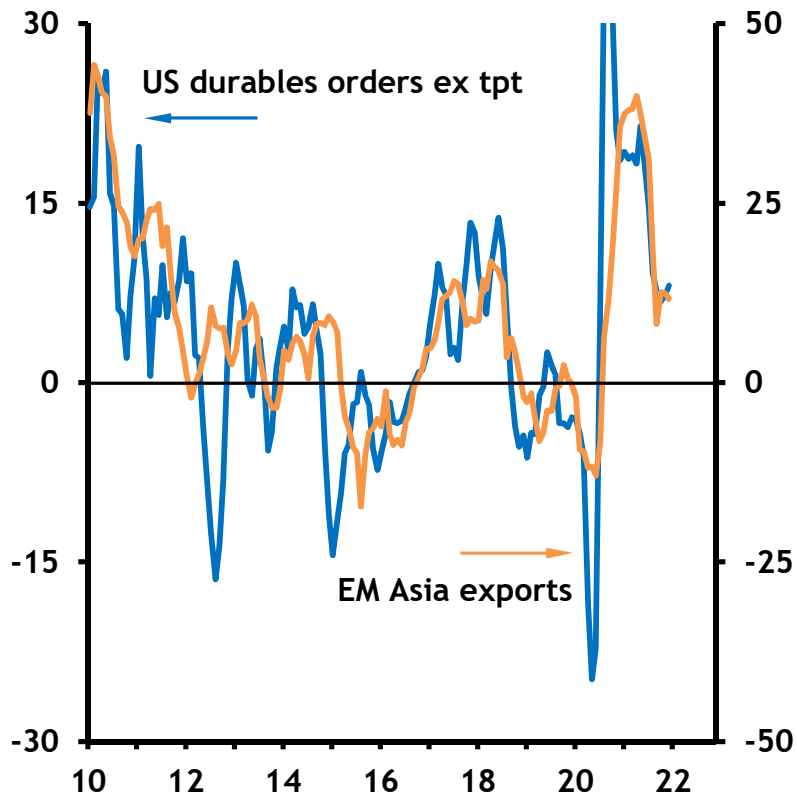
US durable goods orders and ISM



With impact on exports; A notable correlation with the ADXY

US durable orders and EM Asia exports

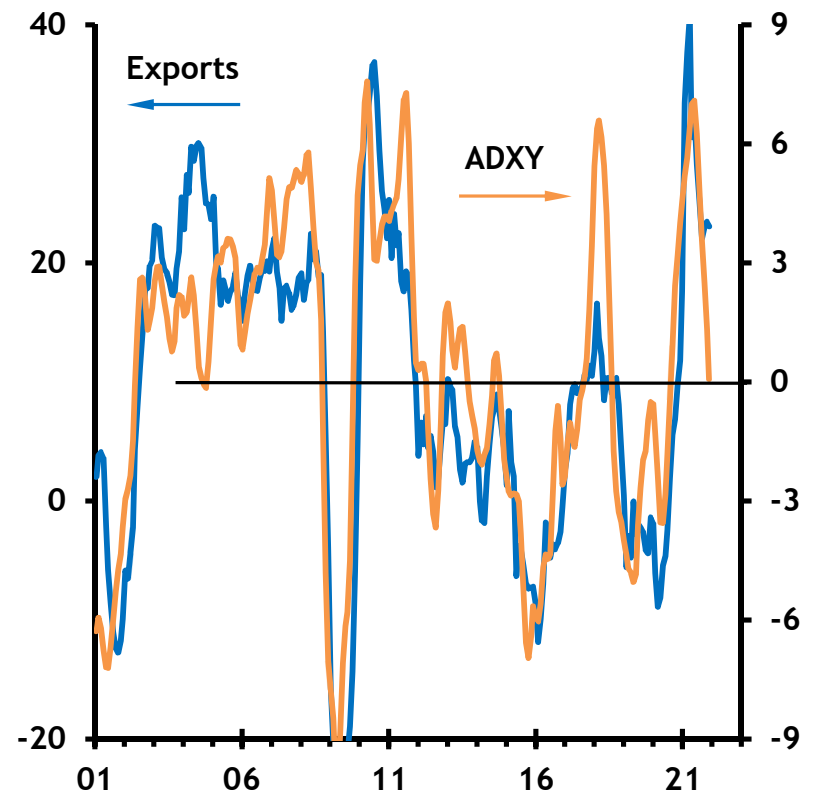
%3m/3m, saar, US\$ terms both scales



Source: Census and national sources

EM Asia exports and ADXY

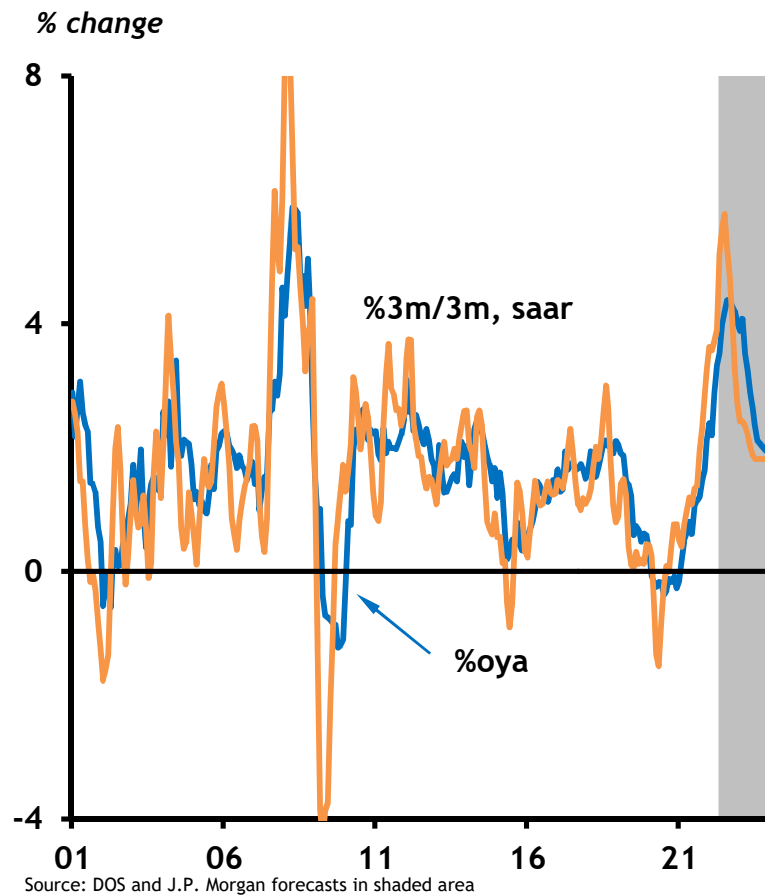
%oya, 3mma, US\$ terms, both scales



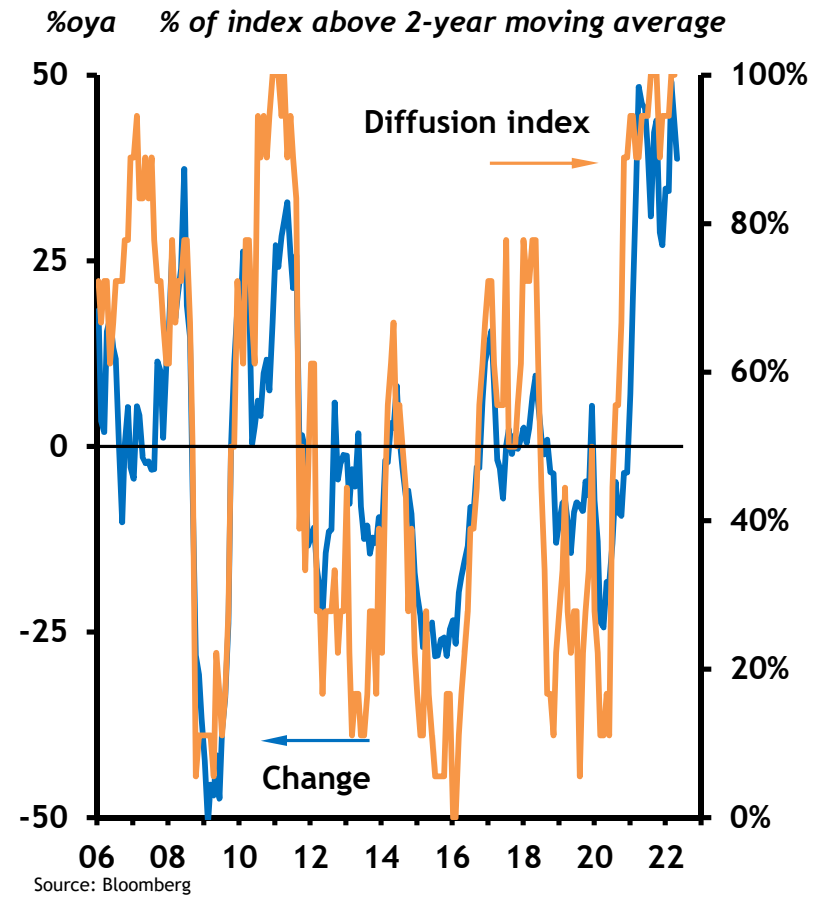
Source: National sources

Theme 2: Some observations on inflation

Singapore core CPI

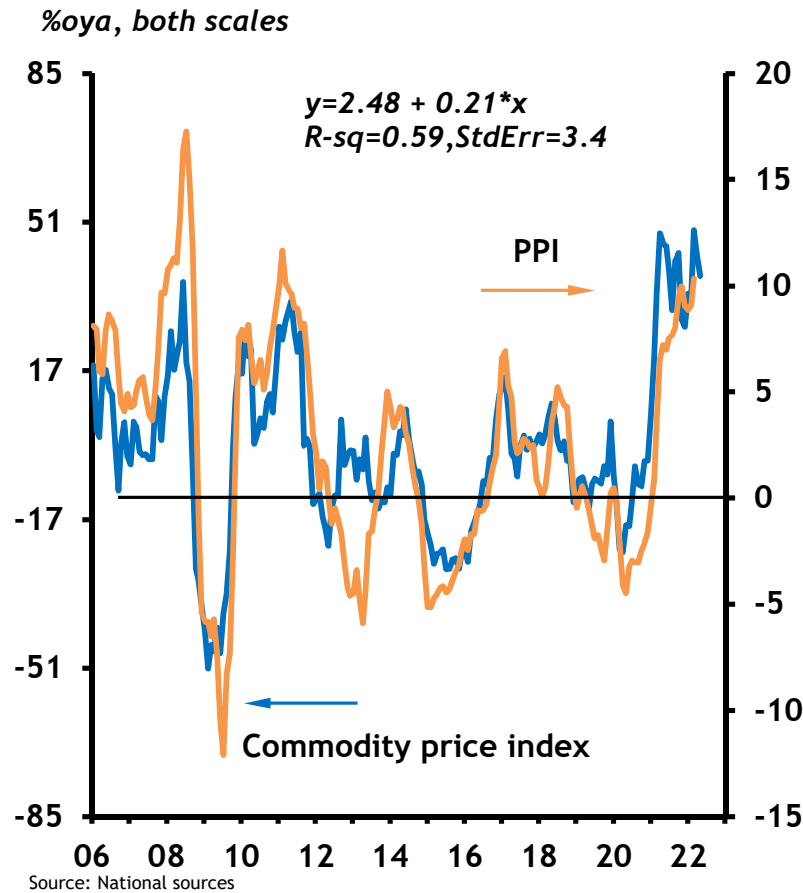


Commodity price index and breadth

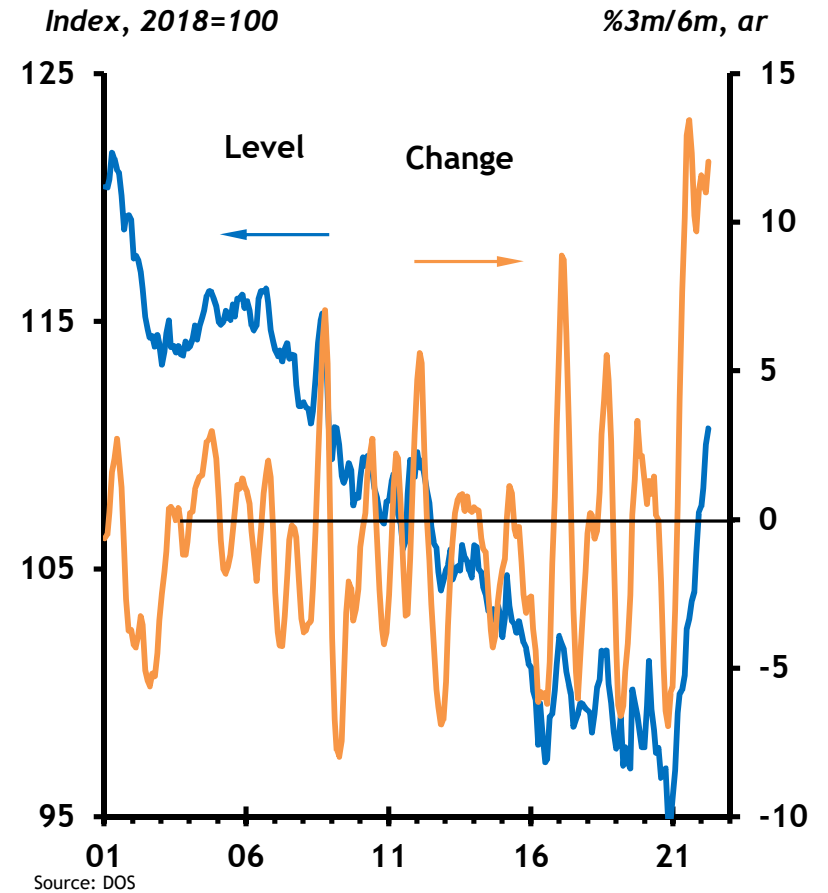


Upstream prices rising

Commodity prices and EM Asia PPI

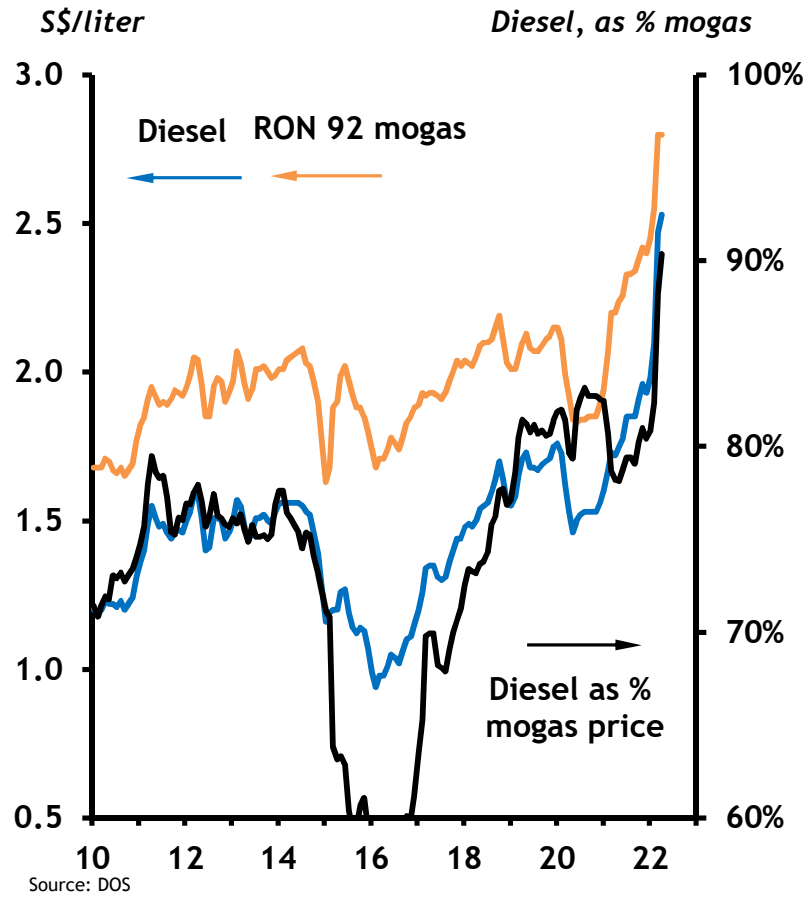


Singapore domestic supply price index

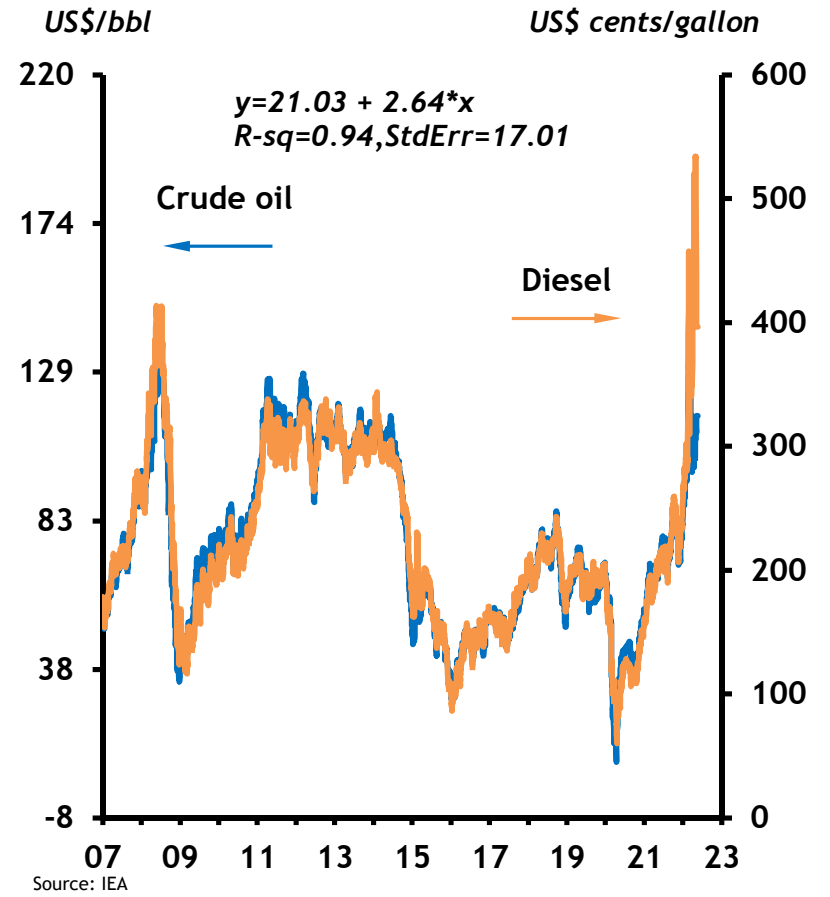


Capacity constraints are real

Singapore diesel and RON 92 mogas

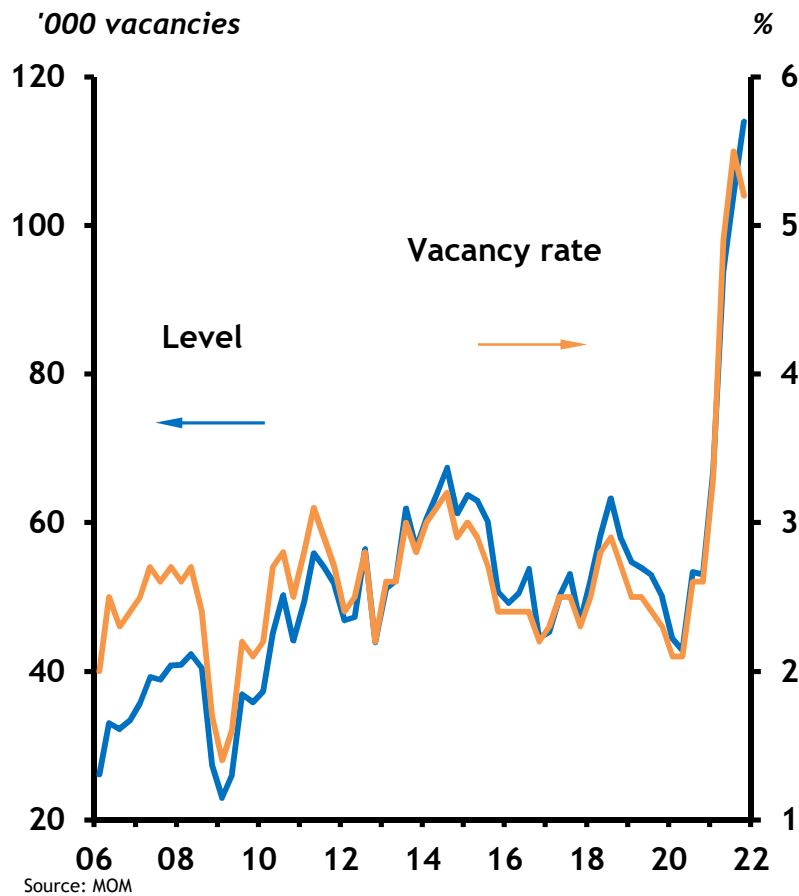


Brent crude oil and diesel fuel price

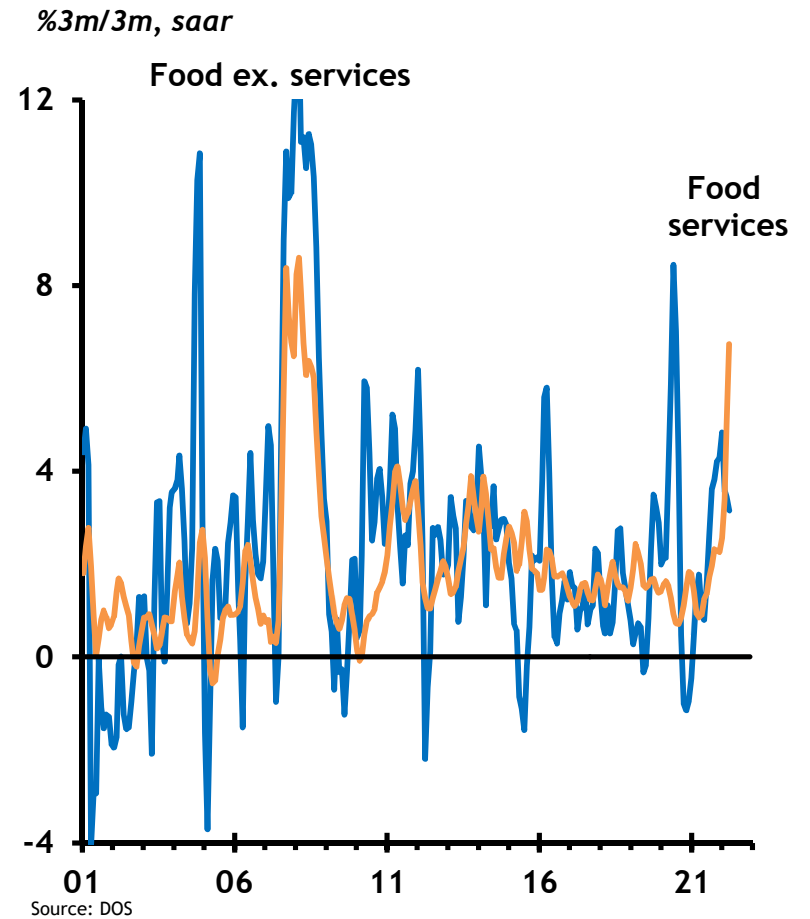


Labor markets in focus as recovery broadens

Singapore labor vacancy rate

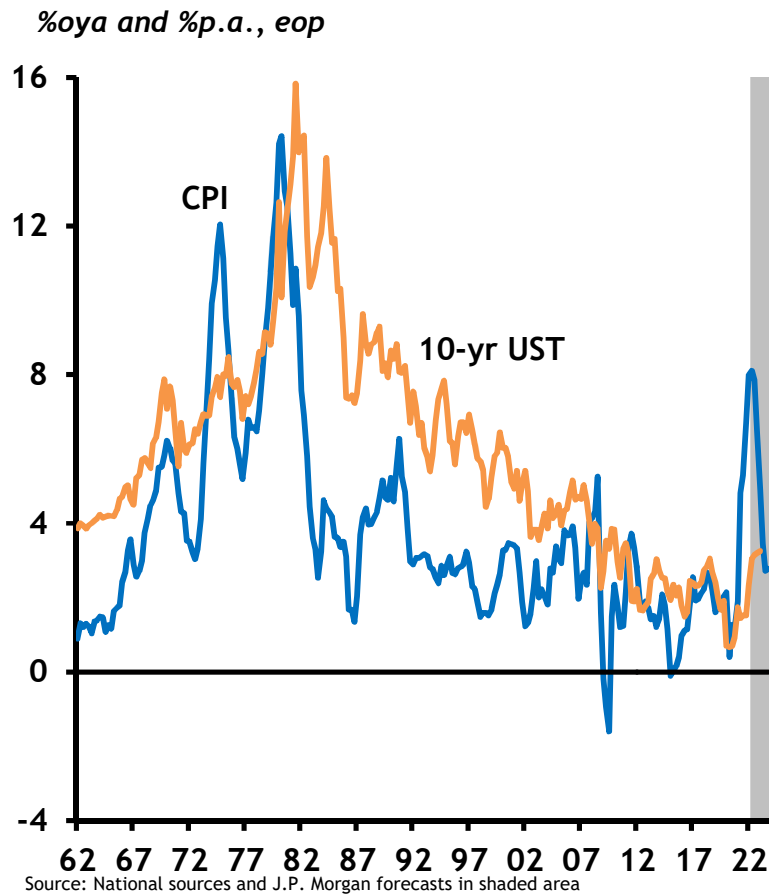


Singapore consumer food prices

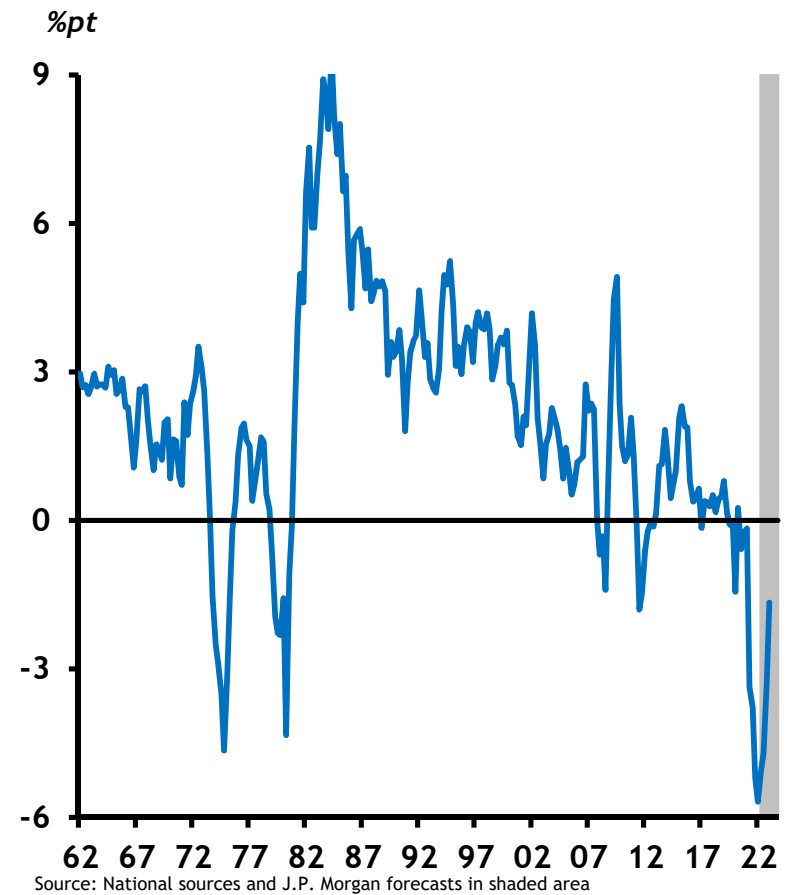


Theme 3: Nominal rates rising, real rates down

US 10-yr nominal yield and CPI



US real 10-yr yields



Agenda

Country developments

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