Economic Environment

EIU: An outlook for key emerging Asian markets

A special report from The Economist Intelligence Unit

The current growth rates in Asian economies are the most rapid in the world, with an increase in innovation, vital infrastructure developments and younger populations than Europe and the US; Asia is steadily becoming the most attractive region for business opportunities. This report provides a snapshot market outlook for some of Asia’s most influential and fastest growing economies: India, China, Indonesia and Philippines.

CHINA

The Chinese market is likely still to be regionally fragmented in terms of wealth and tastes. The provinces of the eastern seaboard will enjoy standards of living well above the national average. However, the fastest market growth in China in 2015-19 is likely to occur in large inland cities, especially those along the Yangtze River delta, which have increasingly large middle-class populations.

INDIA

The presence of a large number of middleclass households offers considerable potential for manu-facturers and retailers. The rapid growth in personal incomes, combined with a more open domestic market, will make India an increasingly attractive market for foreign companies. Nevertheless, India remains a predominantly agricultural society and is home to around 40% of the world’s poorest people. Moreover, even the middle classes have limited disposable incomes.

PHILIPPINES

The Philippine economy will also remain marked by wide inequalities of income, and the disparity between the richest and poorest households will stay particularly acute. Consequently, large numbers of Filipinos will continue to live in poverty.

INDONESIA
Despite the favourable demographics, the vast majority of Indonesians are far from wealthy, with GDP per head in US dollar terms standing at an estimated US$3,508 at market exchange rates in
2014 (one of the lowest in the region).

The large proportion of poor people in the population means that low-cost consumer goods will experience the greatest demand in the forecast period.

The rising middle classes will also be increasingly drawn to the conveniences and choice offered by hypermarkets and superstores. However, traditional retailers are expected to continue to dominate the sector in smaller cities and semi-urban areas.

There were 5.9m online shoppers in Indonesia in 2014, and this number is expected to grow to 8.7m in 2016. The relative weakness of payment and delivery systems will mean that such services will remain highly concentrated in the larger metropolis areas of Jakarta, Surabaya and Medan over the forecast period.