MASHREQ GLOBAL DIGEST
Asia
August 23 – August 29

This edition of the Market Digest highlights Asia's latest macroeconomic and financial developments, alongside recent deals and key trends influencing the region's economic outlook.

Macroeconomic News

Asia's Growth Picture Remains Strong but Uneven

Recent Q2 data point to a broadly resilient but uneven growth picture across Asia. Japan expanded 1.1% annualized, India is expected to grow 7.1% year-on-year, Taiwan surged 12.93%, and Singapore grew 5.9%, while China slowed to 4.3% as its prolonged property downturn continued to weigh on domestic demand. Looking at the full year, South Korea raised its 2026 growth forecast to 3.3%, Taiwan to 11.05%, and Singapore to 4.5%–5.5%. Overall, growth remains solid across much of the region, but the strongest momentum is increasingly concentrated in economies benefiting from technology, semiconductors and AI-related demand.

Reference: Reuters, Reuters, Reuters, Reuters, Reuters, Investing.com

Philippines' Inflation Problem Sends a Warning Across Asia

The Philippines is facing rising inflation and a weakening currency, with the peso falling past 62 per U.S. dollar as elevated oil prices add pressure. Because the country relies heavily on imported energy, higher oil prices can push inflation up while the weak peso makes imports more expensive. The same vulnerability could affect other oil importers such as India and Indonesia, showing how energy shocks can force Asian central banks to choose between fighting inflation and protecting growth.

Reference: Bloomberg

Himalayan Disaster Deals Major Blow to Nepal and China

A glacier collapse triggered devastating floods and landslides across Nepal and Tibet, killing hundreds of people, leaving thousands missing and affecting more than 90,000 people. Nepal estimates rebuilding could cost $4–5 billion, nearly 10% of its economy, while roads, bridges and hydropower facilities suffered major damage. China has also reported deaths and hundreds missing on its side of the border, making this both a humanitarian crisis and a significant regional economic shock.

Reference: Reuters, Reuters, Reuters

S&P Keeps China and India Ratings Stable

S&P affirmed China at A+ with a stable outlook and India at BBB/A-2 with a stable outlook, signaling continued confidence in both economies despite different pressures. China's rating reflects its still-strong credit profile, while India's is supported by policy stability, infrastructure investment and solid growth, even as high debt, fiscal weakness and energy-price risks remain concerns.

Reference: Reuters, Zawya

ADB Approves $400M to Modernize Central Asia's Borders

The Asian Development Bank approved a $400 million financing facility to upgrade border crossings across the CAREC region, including Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. The program will finance better road and rail crossings, digital systems and inspection technology to reduce border delays and logistics costs as regional trade volumes rise. The broader goal is to strengthen trade corridors, improve competitiveness and help smaller businesses participate easily in cross-border commerce.

Reference: ADB

Financial/Tech News

Asia-Pacific Financial Services Could Reach $4.8T by 2035

Asia-Pacific's financial services industry is expected to generate up to $4.8 trillion in economic value added by 2035, overtaking the U.S., while the region's broader economy could reach nearly $54 trillion by 2030. Growth is being supported by rising wealth, deeper financial participation and rapid digital adoption, with $169.7 trillion in personal wealth already held across the region in 2025. The shift suggests Asia-Pacific is becoming a much bigger center for global finance, although institutions will still need to deepen capital markets, use AI more effectively and adapt to changing regulation.

Reference: Deloitte

Capital Rotates Across Asia

Despite a broader pullback from global equities, investors put $4.8 billion into Asian equity funds in the week ended August 26, even as global equity funds saw their first weekly outflow in 13 weeks. At the same time, foreign investors have sold about $25.1 billion of Indian shares so far in 2026, favoring cheaper or more AI-exposed markets elsewhere in Asia. The contrast suggests capital is not leaving Asia altogether—it is being reallocated within the region based on valuations, technology exposure and currency performance.

Reference: Reuters, Reuters

Rise every day

MASHREQ GLOBAL DIGEST
Asia
August 23 – August 29

AI Boom Widens Southeast Asia's Growth Gap

Southeast Asia's economies are growing at different speeds, increasingly shaped by technology demand and energy conditions. Vietnam remained the fastest-growing major economy in Q2, while Malaysia and Singapore benefited from strong semiconductor and AI-related demand. Thailand lagged behind, showing how economies more integrated into global technology supply chains are currently gaining the most.

Reference: Bloomberg

Hong Kong Draws Two Major Deals from Shein and Alibaba

Hong Kong saw two major capital-market deals this month: Shein is set to raise about $1.7 billion at a $26.5 billion valuation, while Alibaba launched a $10.2 billion share placement to fund AI investments. Shein's valuation is far below its $100 billion peak, while Alibaba will use the proceeds for chips, infrastructure and AI models. Together, the deals reinforce Hong Kong's role as a major fundraising hub for China-linked companies.

Reference: Reuters, Reuters

U.S. Bond Intervention Raises Risks for Asia

The U.S. Treasury's $4 billion bond-buyback push could have major consequences for Asia if it contributes to a weaker dollar. A falling dollar would push Asian currencies higher, making exports from economies such as China, Korea, Taiwan and Vietnam more expensive and less competitive globally. At the same time, countries such as India and Indonesia could face greater capital-flow and currency volatility. This leaves Asian central banks in a difficult position: they may need to support growth and limit currency appreciation even while inflation risks remain.

Reference: Forbes

Shanghai Plans Subsidies to Revive Its Offshore Bond Market

Shanghai plans to offer subsidies of up to $327,000 per bond issue to encourage more foreign and offshore companies to raise money through its free-trade-zone bond market. The PBOC is also allowing onshore banks to invest in these bonds under quotas. The goal is to attract more international issuers, deepen Shanghai's capital markets and support wider global use of the yuan.

Reference: Reuters

Regional Developments

China and India Seek to Stabilize Border Relations

China and India agreed to continue talks toward a settlement of their disputed Himalayan border, which stretches roughly 3,800 km. Relations have gradually improved since the deadly 2020 clash and the 2024 disengagement agreement, with both sides now emphasizing stability, communication and broader cooperation. The move could help reduce geopolitical risk between Asia's two largest emerging economies, although a final border settlement remains unresolved.

Reference: Reuters

Markets

Market Dashboard

- U.S. equities finished the week higher, even though markets slipped on Friday after Fed Chair Kevin Warsh reinforced the central bank's focus on fighting inflation, which increased expectations that rates could remain high or even rise. The S&P 500 gained 0.49% for the week, the Nasdaq rose 0.85%, and the Dow added 0.53%. Strong AI optimism, supported by Nvidia's upbeat outlook, helped keep technology shares supported, while investors remained cautious over inflation and the Fed's next move.
- Bitcoin remained almost flat over the week. Prices briefly climbed above $81,000 before pulling back as traders reacted to several competing factors, including expectations for U.S. interest rates, major economic data and broader risk sentiment. The limited weekly move suggests Bitcoin stayed volatile during the week, but without a clear sustained direction.
- Gold ended the week down about 3.2%, as Fed Chair Kevin Warsh's comments increased expectations of a possible U.S. rate hike. Higher-rate expectations pushed the dollar up and reduced gold's appeal because the metal does not pay interest. Gold had reached a three-month high of about $4,696 earlier in the week before reversing sharply.
- Oil prices ended the week lower, with Brent down more than 5% and WTI down more than 4%, settling at $89.31 and $83.40 a barrel respectively. Prices fell as traders reacted to expectations of tighter U.S. monetary policy and signs that oil flows through the Strait of Hormuz were gradually recovering, easing some supply fears. Rumors of a possible agreement to reopen the strait also reduced the geopolitical risk premium, although traffic through the key shipping route remains volatile.
- The U.S. dollar ended the week up nearly 0.9%, its strongest weekly gain in about 10 weeks, after Fed Chair Kevin Warsh signaled that further rate hikes may be needed if inflation does not move convincingly toward the Fed's 2% target. Rate-hike expectations for September jumped to about 57.5% from 35%, pushing the dollar index higher and weighing on currencies such as the euro and yen.

Indicators	21-Aug-26	28-Aug-26	% Change
S&P 500	7,674.37	7,711.76	0.49%
Bitcoin	78,335.19	77,830.29	-0.64%
Gold	4,603.56	4,455.15	-3.22%
Crude Oil	94.39	89.31	-5.38%
EUR/USD	1.1688	1.1587	-0.86%

Rise every day