MASHREQ GLOBAL DIGEST
Asia
June 8 – June 14

This edition of Market Digest highlights Asia's key macroeconomic indicators, recent financial and tech developments, and major deals, offering valuable insights into current economic trends.

Macroeconomic News

Asia's Growth Stories and Risks in 2025

In 2025, China's economy showed resilience amid global trade tensions, growing 5.4% in Q1 but facing headwinds from sluggish domestic consumption and a deepening property crisis. GDP growth is expected to slow to 4.5%, falling short of the 5% target. Meanwhile, the World Bank expects India to grow at 6.3% in 2025, leading the world's largest economies despite global trade challenges. Its robust services and agriculture sectors are key drivers of this growth. In contrast, Pakistan's economy is stabilizing but remains fragile, with GDP growth of just 2.7% in FY2025—below its long-term average of 4.7%—due to weak manufacturing and agriculture. However, inflation eased to 4.6%, and interest rates were cut to 11% to support recovery. Thailand's economic growth for 2025 is projected at a modest 1.8%, challenged by uncertainties from U.S. trade tariffs and slowing exports, underscoring risks that could impact the broader Asian economy.

Reference: Bloomberg, The Hindu, Reuters, Nation Thailand

Inflation Trends in China, India & Thailand

China is experiencing deflation, driven by weak domestic demand, price wars in the auto sector, and declining property prices. The consumer price index fell for the fourth consecutive month in May, dropping 0.1% year-on-year, while factory-gate prices fell 3.3%, marking their steepest decline since July 2023. Meanwhile, India's retail inflation eased to 2.82% in May, the lowest in over six years and below the central bank's 4% target for the fourth month running, helped by lower food prices and strong agricultural supply. The Reserve Bank of India recently cut interest rates to support growth but signaled limited room for more cuts unless inflation remains low. In Thailand, consumer prices fell 0.57% year-on-year in May, while core inflation—excluding food and energy—rose 1.09%, with the central bank closely monitoring inflation dynamics.

Reference: CNBC, Reuters, Investing.com

Asia Speeds Up Move Away from U.S. Dollar

Asia is accelerating its shift away from the U.S. dollar, driven by geopolitical risks and efforts to boost local currencies in trade. The dollar's share in global reserves has dropped from over 70% in 2000 to 57.8% in 2024. ASEAN plans to boost local currency use in trade under its 2026–2030 strategy, while BRICS nations promote alternatives like SWIFT. Investors are hedging dollar exposure, supporting currencies like the Japanese yen, Korean won and Taiwan dollar. Although the dollar remains the dominant reserve currency, its role is slowly declining, with gold expected to benefit as an alternative store of value.

Reference: CNBC

Asia Faces Export Payback

According to Citi Research, Asia may soon feel a "payback" after rushing to export goods early to avoid U.S. tariffs—especially in electronics. While exports looked strong at first, signs of weakness are starting to show, particularly in China, where growth slowed after a strong start to the year. At the same time, more Chinese goods are being sent to Southeast Asia, possibly to bypass tariffs, with countries like Indonesia and Vietnam acting as trade routes. This shift, along with falling new export orders and weaker factory activity in several Asian countries, suggests that a slowdown in exports could be coming soon.

Reference: Citi Group

Trade Deal: China to Supply Rare Earths to the U.S.

President Trump announced a deal where China will supply rare earth minerals upfront to the U.S., while the U.S. keeps a 55% tariff and China a 10% tariff on imports. This agreement, pending final approval, aims to ease tensions despite earlier export restrictions by China. As the global leader in rare earth production—accounting for around 60% of supply and nearly 90% of processing—China plays a critical role in industries like automotive and defense. However, source says China continues to withhold some specialized rare earth magnets essential for U.S. military applications, linking progress on these exports to ongoing U.S. restrictions on advanced AI chip sales to China. This unresolved issue underscores the strategic complexity and limits the possibility of a fully comprehensive trade deal.

Reference: CNBC, Reuters

Financial/Tech News

India's Rise as a Global Tech Powerhouse

Prime Minister Narendra Modi says India is quickly becoming a global tech powerhouse, powered by its young and innovative population. In the past 11 years, India has transferred over ₹44 lakh crore directly to beneficiaries across 322 schemes, saving ₹3.48 lakh crore by cutting leakages. This tech-driven transformation has turned India into a data-powered democracy, boosting sectors from manufacturing to space technology and making the country more self-reliant and globally trusted.

Reference: Times of India

MASHREQ GLOBAL DIGEST
Asia
June 8 – June 14

المشرق
mashreq

China's Central Bank Injects Cash to Support Bond Market

China's central bank plans to inject 400 billion yuan ($55.7 billion) into the banking system on June 16 through a six-month reverse repo, marking the second such cash injection this month. Last week, it surprised markets by adding 1 trillion yuan via a three-month reverse repo to help banks handle a record 4 trillion yuan in bond maturities due this month. These measures aim to ease funding pressures during the busy bond refinancing period while avoiding risks of asset bubbles. Experts expect more cash injections may follow to maintain market stability.

Reference: Reuters

BOJ May Slow Bond Purchase Cuts Starting April 2026

The Bank of Japan is considering slowing the pace of its government bond purchase reductions starting April 2026. Currently, bond buying is being cut by about ¥400 billion every quarter, but the BOJ may reduce that to about ¥200 billion per quarter instead. The bond-buying reduction program, which began in August 2024 and was scheduled to end in March 2026, could be extended for about a year. Some officials want to keep the current pace due to market stability, but others worry that maintaining it could push long-term yields higher, forcing the BOJ to temporarily buy bonds again. The decision aims to balance gradual quantitative tightening with market conditions after years of large-scale bond purchases since 2013.

Reference: Japan News

Deals

Vietnam Joins BRICS as Partner Country

Vietnam has been admitted as a "partner country" of BRICS, allowing it to join summits and discussions. Brazil, the 2025 BRICS chair, welcomed the move, citing Vietnam's role in Asia and commitment to South-South cooperation. Vietnam becomes the 10th partner, joining others like Malaysia and Nigeria. BRICS recently expanded to include countries like Egypt and the UAE, aiming to strengthen its global influence.

Reference: Reuters

Indonesia Seeks Foreign Investment for $80 Billion Java Seawall Project

Indonesia plans to build a massive $80 billion seawall stretching about 700 km along Java's northern coast to protect against floods caused by rising sea levels and land subsidence. President Prabowo Subianto announced the creation of a dedicated agency to manage the project, which could take 20 years to complete. Foreign investors, including from China and Japan, are invited to participate. The seawall expands on earlier efforts to protect Jakarta, which is sinking due to excessive groundwater extraction.

Reference: Reuters

Markets

Market Dashboard

- The S&P 500 ended the week slightly lower, down 0.4% to 5,976.97 points, reflecting growing investor caution amid escalating tensions in the Middle East. On Friday, the index fell 1.13% as geopolitical concerns spiked following Israel-Iran missile attacks, which triggered sharp market reactions. Financial and technology sectors led the declines, while companies like Oracle bucked the trend, surging 7.7% on strong AI-driven forecasts. Despite the volatility, some underlying positive economic signals—including softer inflation data—helped temper losses. Overall, the market showed nervousness but remained just below record highs, with investors closely watching the evolving geopolitical and economic landscape.
- Bitcoin ended the week up by 1.63% to hover around the $106,000 mark. Despite a brief drop to nearly $100,000 on Friday, the cryptocurrency rebounded as institutional investors seized the dip. Spot Bitcoin ETFs saw a surge in demand, with $1.3 billion in inflows for the week—reversing last week's $128 million in outflows.
- Gold prices surged last week amid rising geopolitical tensions between Israel and Iran, driving investors toward safe-haven assets. Spot gold rose 1.3% on Friday to near its April record high of $3,500. For the week, gold gained about 4%. Softer U.S. inflation data and expectations of a steady Federal Reserve interest rate policy further supported gold's appeal. Major banks like Goldman Sachs and Bank of America forecast gold prices rising to $3,700–$4,000 per ounce by late 2025 and 2026.
- Oil prices surged this week as Israel and Iran exchanged air strikes, sparking fears of supply disruptions in the Middle East. Brent crude rose to $74.56, and WTI climbed to $72.98, marking their biggest intraday moves since 2022. Concerns about potential blockages in the vital Strait of Hormuz and falling U.S. rig counts added to the price gains amid ongoing geopolitical tensions.
- For the week, the US dollar weakened overall, hitting its lowest levels since early 2022 against a basket of currencies. The euro climbed to a nearly four-year high against the dollar. This decline was driven by cooling US inflation data and rising expectations of Fed interest rate cuts.

Indicators	6-Jun-25	13-Jun-25	% Change
S&P 500	6,000.36	5,976.97	-0.39%
Bitcoin	104,390.34	106,090.97	1.63%
Gold	3,310.17	3,432.64	3.70%
Crude Oil	66.47	74.56	12.17%
EUR/USD	1.1454	1.1555	0.88%

Rise every day