I just returned from a trip through Southeast Asia last week, during which I visited four countries over a five-day span and spoke to roughly 1,500 clients.

The countries I visited included Indonesia, the Philippines, Singapore, and Thailand, all of which are members of the Association of Southeast Asian Nations (ASEAN). I was participating in a mid-year outlook conference where I was asked to address both the state of the global economy and the durability of the current bull market. I also had the opportunity to meet individually with a number of clients to both share my perspective on issues that they were interested in, and hear their perspectives on the dynamics in Asia. So I just wanted to share some of my observations, reflections, and conclusions based upon that trip.

Let me start with the dynamism within APAC. While the current trade conflict between the US and China, coupled with the global growth slowdown, has impacted ASEAN economies, it is clear that the dynamism that has driven prosperity within the region remains intact. While it’s hard to capture exactly how fast things are moving and where growth is focused, there are signs everywhere of the vigor and vitality of the region. Airports bustle with travelers; retail outlets are crowded with shoppers; tourists continue to flock to attractions and sites; commuters clog roadways and transit systems; and construction cranes continue to dot the skyline. So I’m still struck by the trajectory of growth within the region.

I’ve also seen a not-so-subtle shift in the way that investors within the region view the geopolitical environment. When I first started traveling to APAC, there was a near obsessive focus upon everything happening within the US. But this time around almost every conversation and question was in context to China and the trade dynamics. While still interested in unilateral developments in the US, their focus was clearly on the Sino-American bilateral relationship and the prospects for increased commercial confrontation and military conflict.

Lastly, there appeared to be a clearer divergence of interests across the region. These ranged from differences in how the US-China relationship is viewed, to significant distinctions in how local economies are being impacted by trade disputes, to varied perspectives on future growth drivers and social changes. While ASEAN has always been a collection of
independent sovereign states with distinct ethnic, cultural, spiritual, and commercial characteristics, I was struck this time by the growing diversity of interests, preferences, and economic choices.

This brings me to a number of key conclusions. The first is that we must think expansively as we look to APAC. While China may dominate the headlines and news flow in the US, some of the most interesting growth drivers and investment opportunities lie elsewhere across the region.

Second, we need to better understand how the US is perceived overseas as other economies come to play an increasingly important role in global commerce. Whether Asian-based investors still see the US as an appealing choice for commercial opportunities will greatly influence how they direct their investment options.

Lastly, we need to explore the different opportunities that exist across APAC, rather than just viewing APAC as a monolithic whole.

Read more: UBS House View Weekly, 19 July 2019

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