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# Asia's AI Windfall Amid El Niño Risks

August 2026

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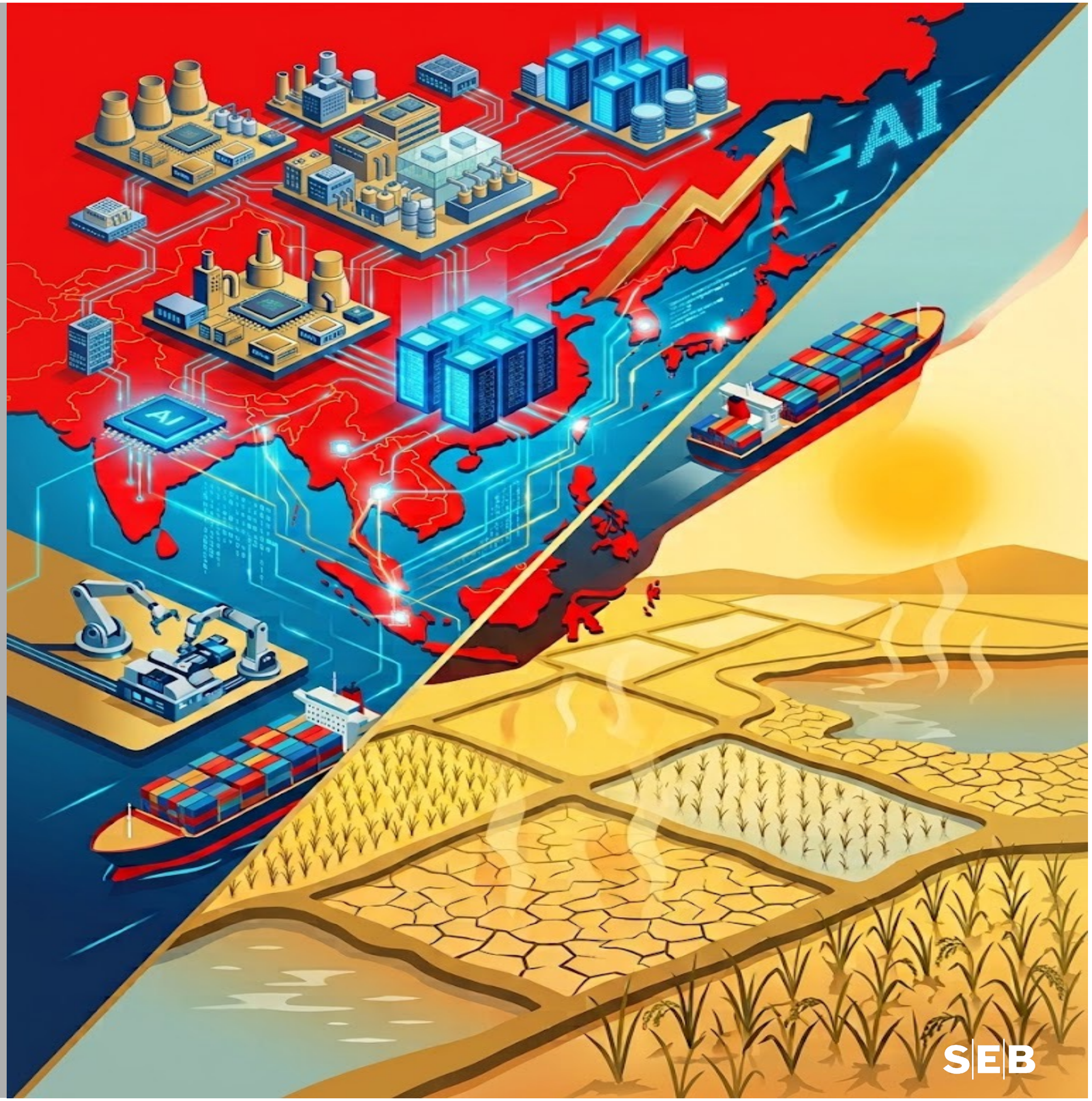
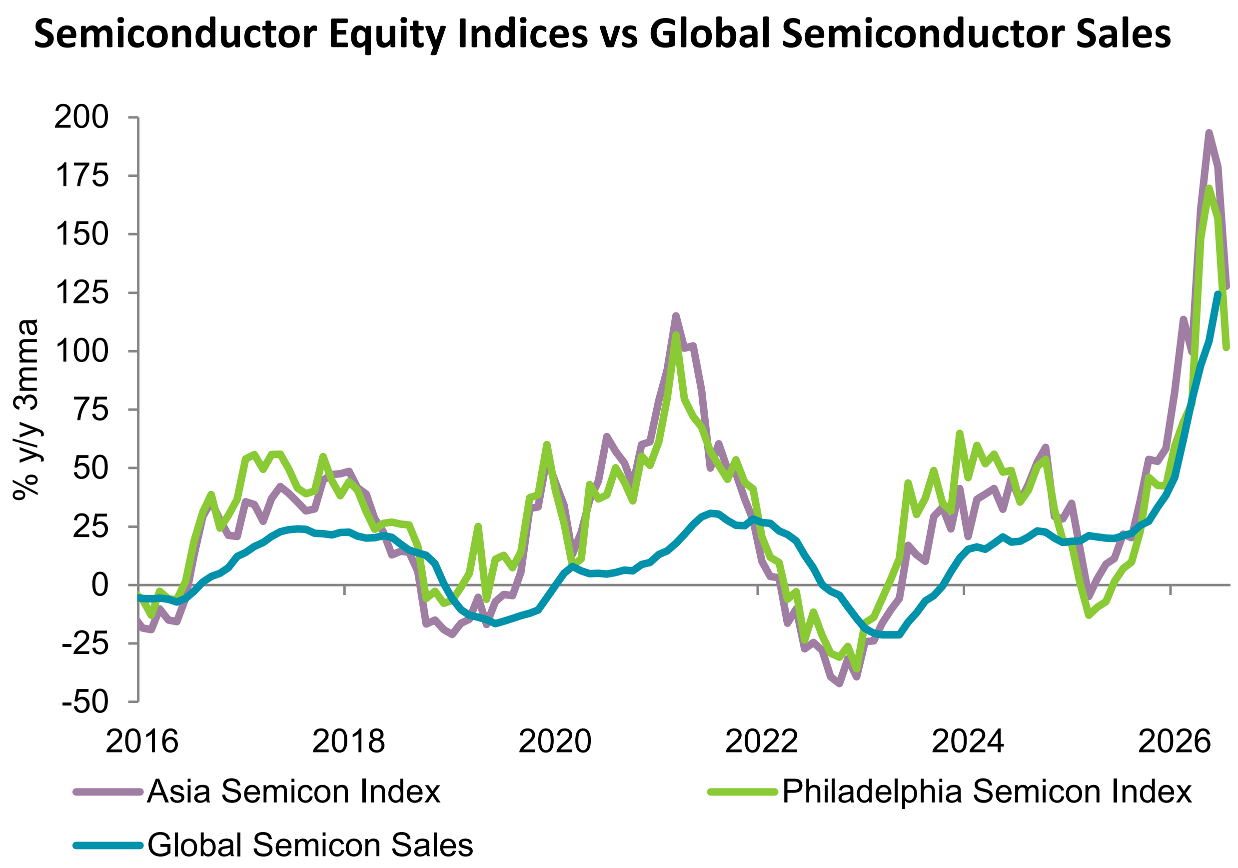


## Conclusions

- Unprecedented surge in electronics exports provide offset to risks due to Iran war.
- Severe El Niño shifts risks to inflation shift to food from energy.
- China’s growth is weakening. But Beijing will still do “just enough” policy support. USD/CNY will crawl to 6.60 by end-2026.

# Global tech super cycle has offset risks due to Iran War




Source: CEIC, Bloomberg, SEB Research

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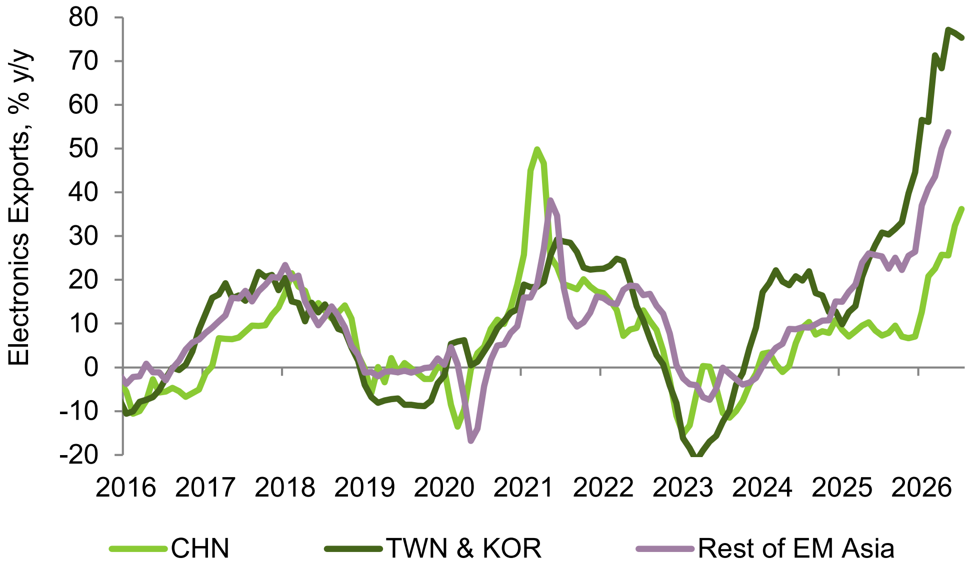
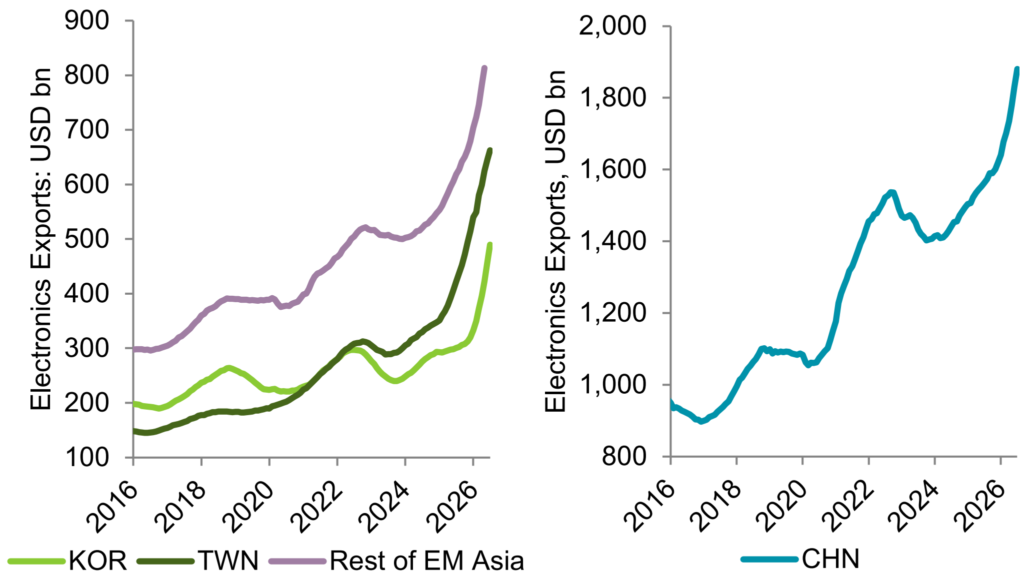
# Unprecedented electronics exports surge in EM Asia

## Dollar value of electronics exports shows both price and demand increase

### Electronics Exports**, % y/y




### Electronics Exports, USD bn

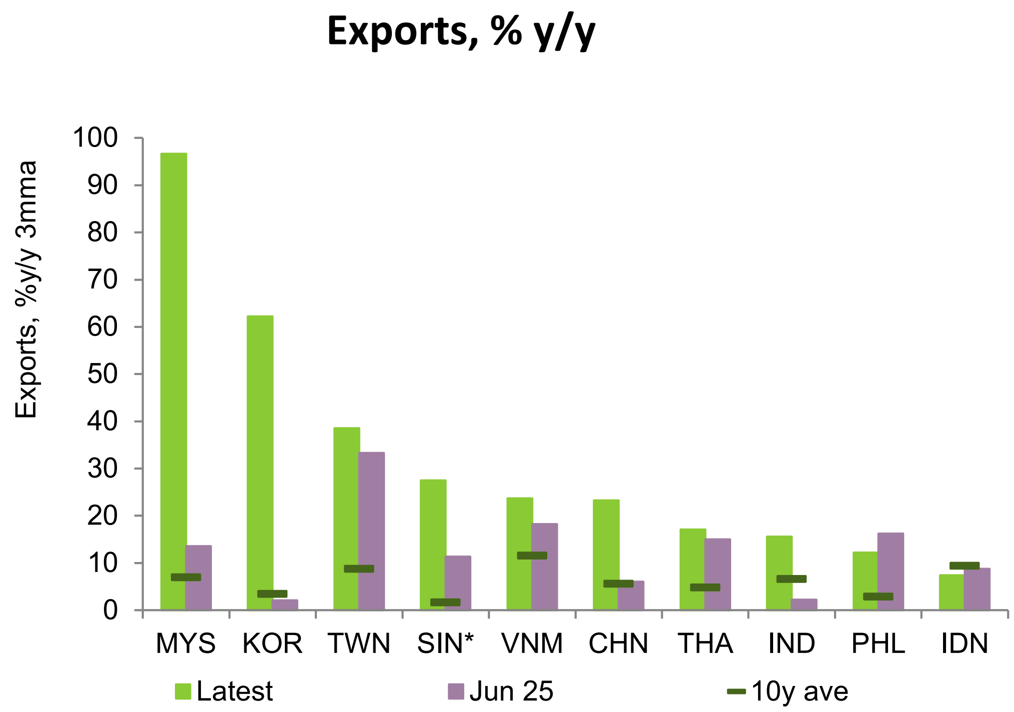


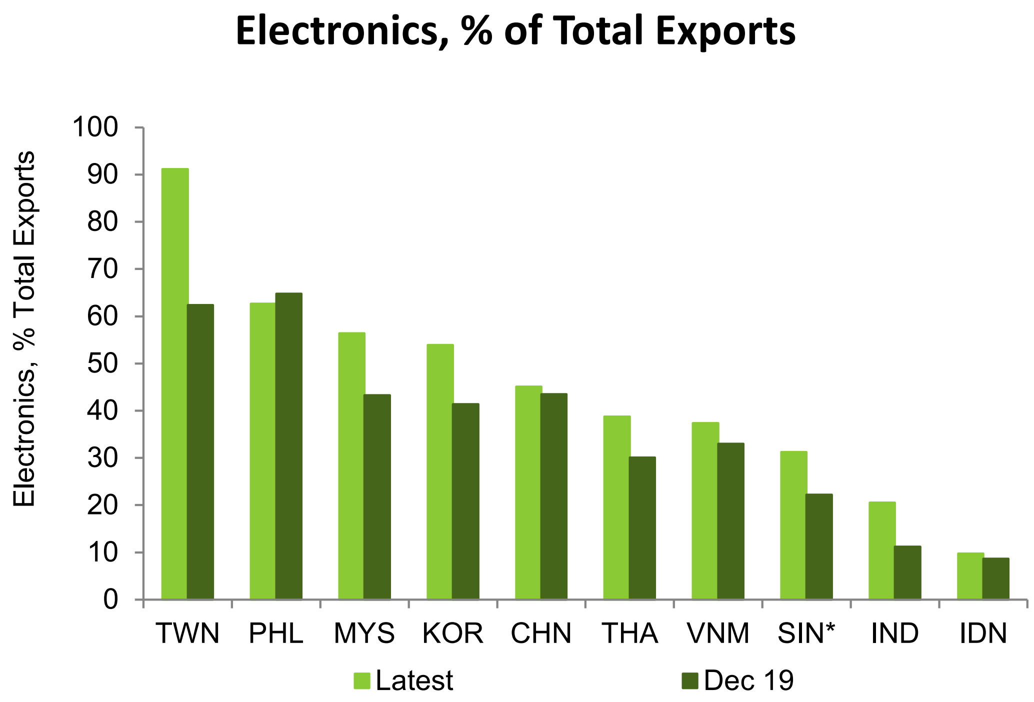

** Electronics exports: HS 84 and HS 85
EM Asia: China, Taiwan, South Korea, Indonesia, Malaysia, Philippine, Singapore, Thailand, Vietnam, India

Source: CEIC, SEB Research

# Electronics exports are benefitting some more than others

## But EM Asia is becoming more dependent on semiconductors



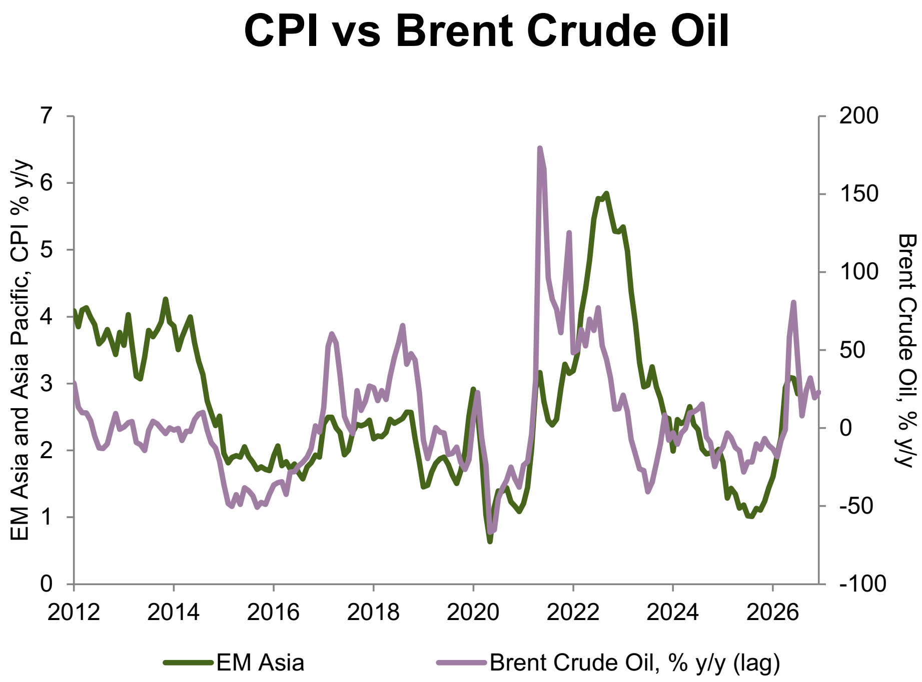



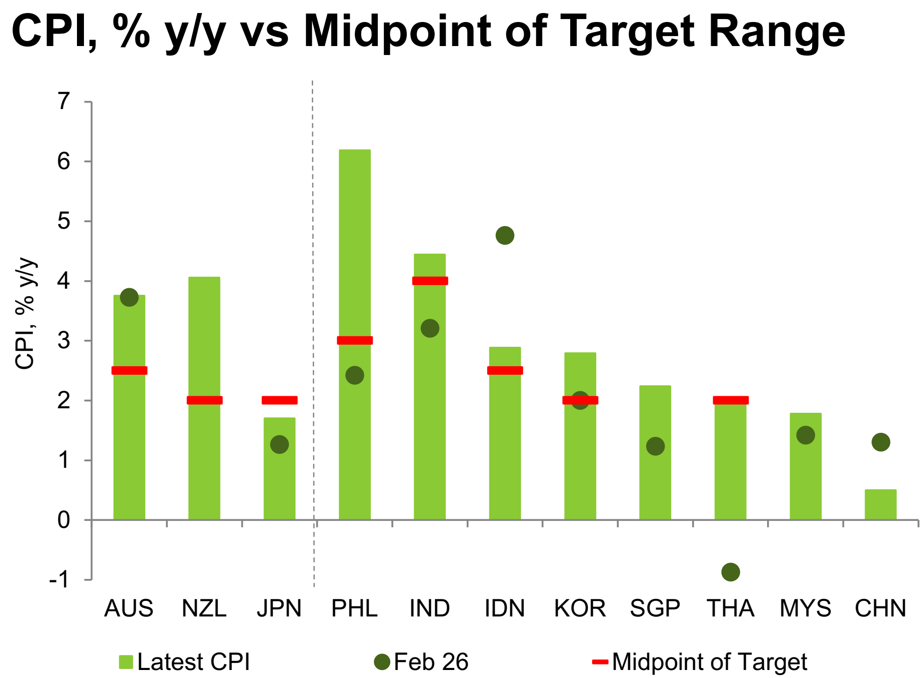

** Electronics exports: HS 84 and HS 85
SIN* = Non-oil domestic exports

Source: CEIC, SEB Research

# Inflation exceeded target only in PHL and KOR

## Second-round impact of energy prices will take time to unwind

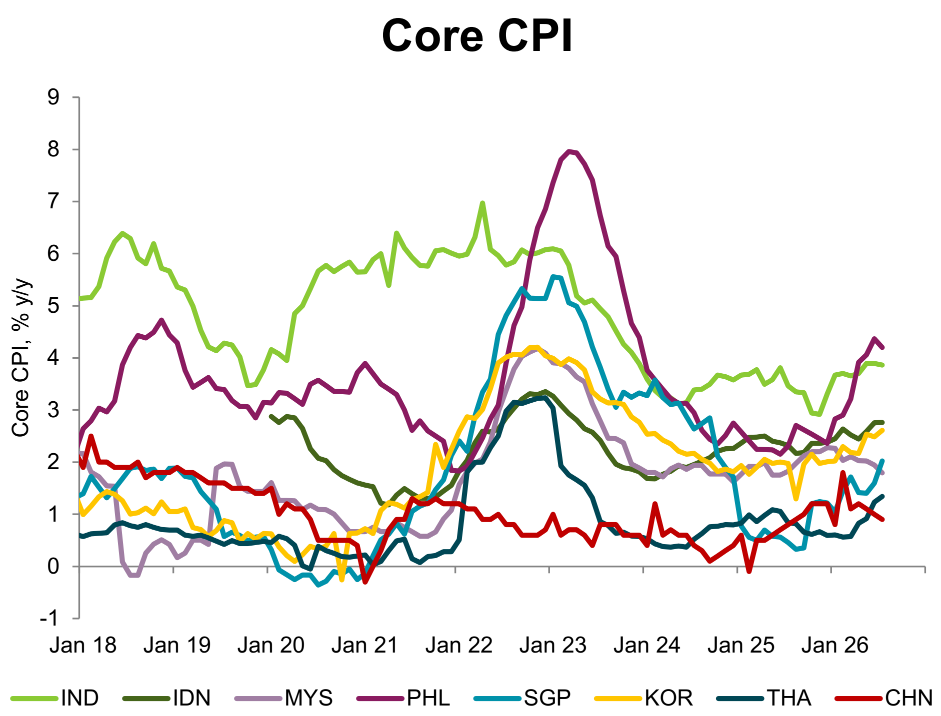


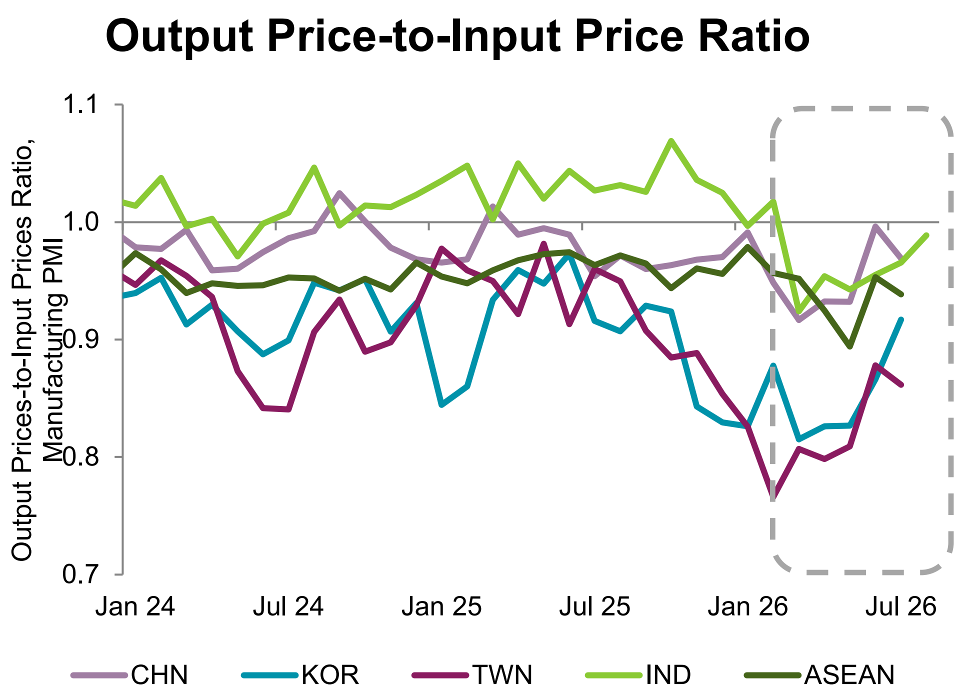




Source: CEIC,, SEB Research

# Core inflation shows price pressures are still spreading

Margin compression must be addressed eventually




Source: CEIC,, Macrobond, SEB Research

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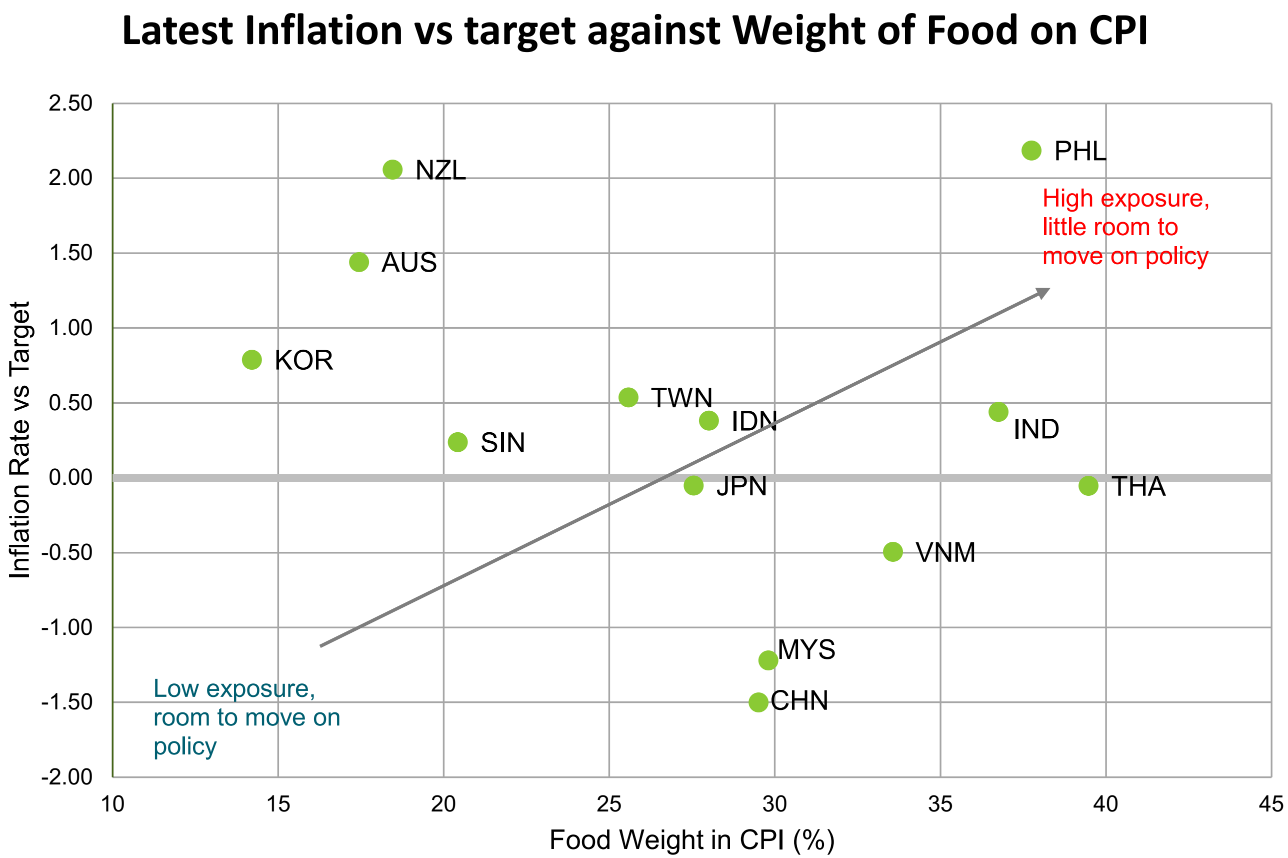
# El Niño comes in with already elevated Asian inflation

## Inflation risk shifts from energy to food

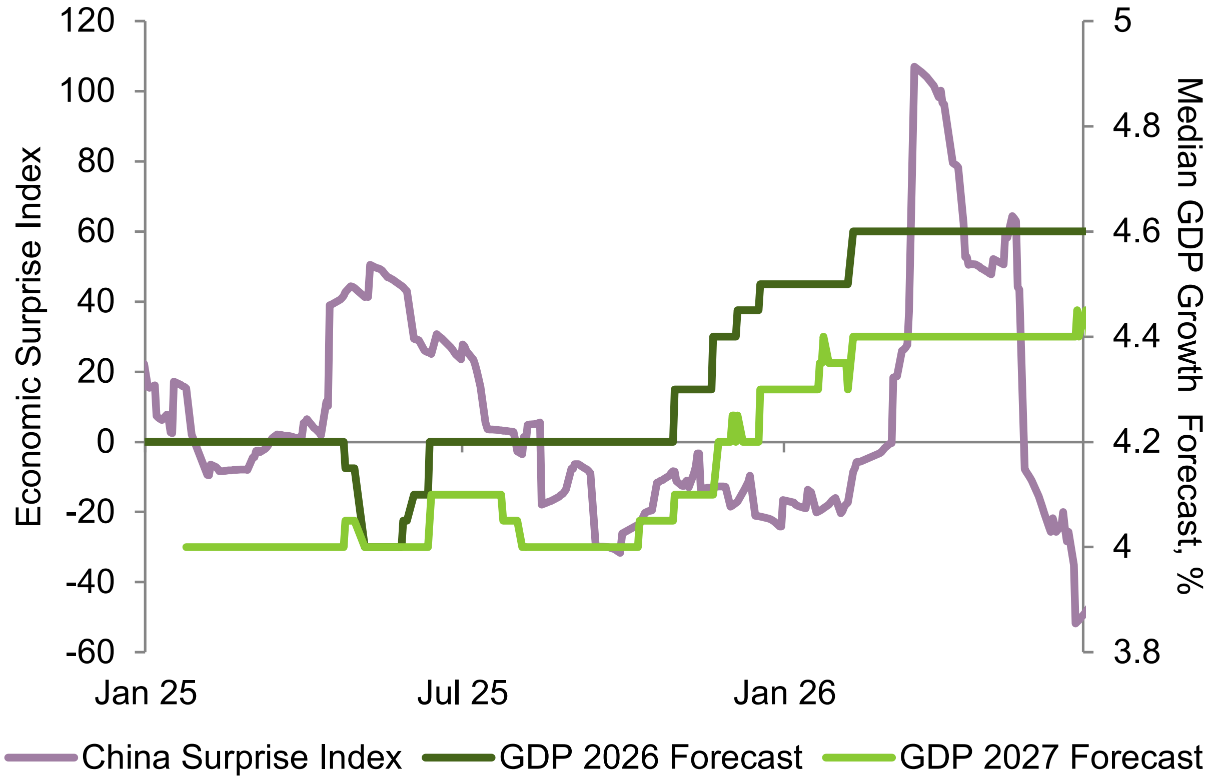



Source: CEIC,, SEB Research

# China's growth turned weaker than expected in Q2

## But H1 growth provides buffer. Beijing will do "just enough" support

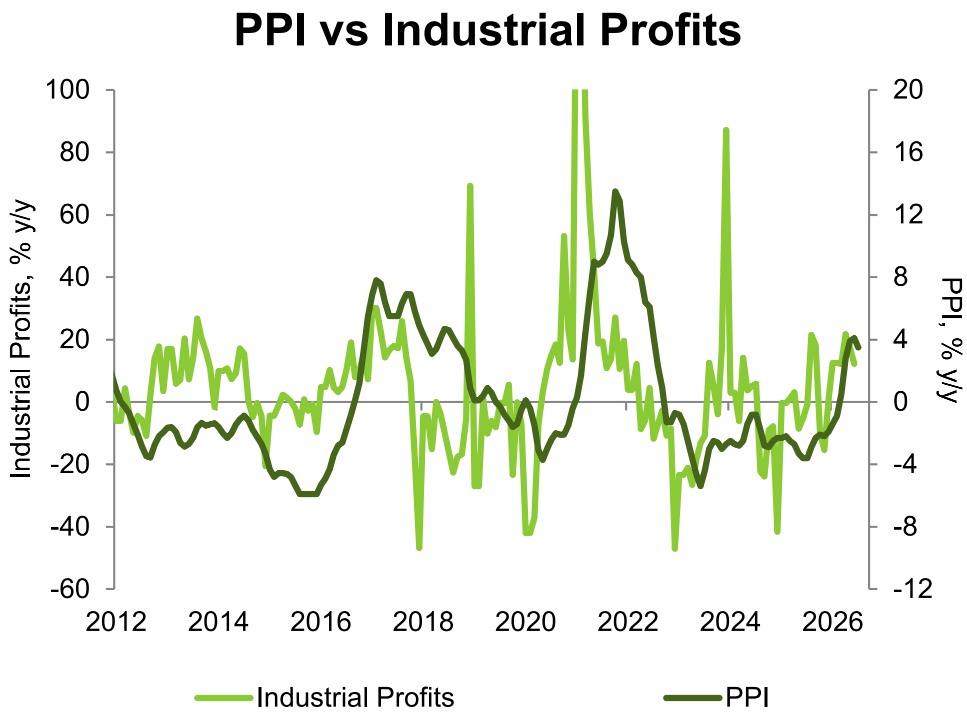
**China GDP Forecast vs. China Surprise Index**

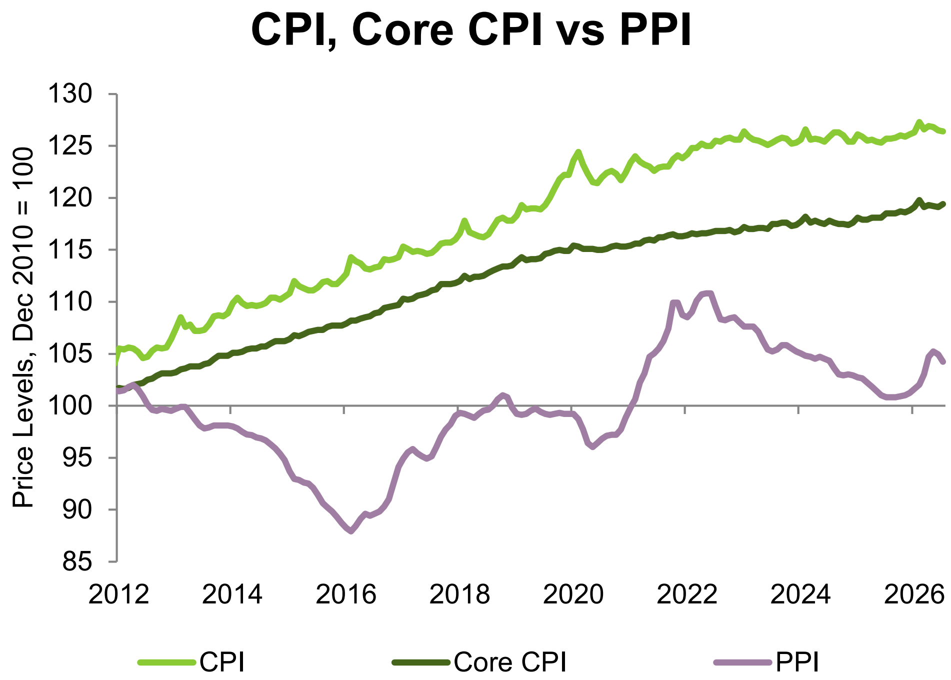



Source: Bloomberg, SEB Research

# Cost-push pressures help raise nominal profits in 2026

## Weak demand risks a return to deflation in 2027

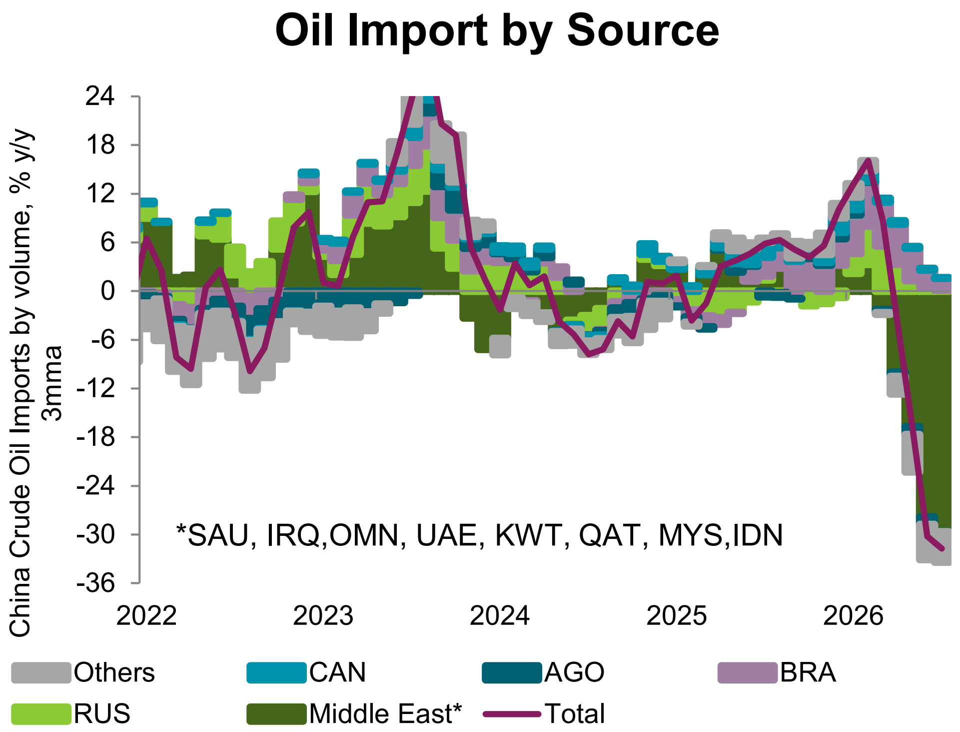


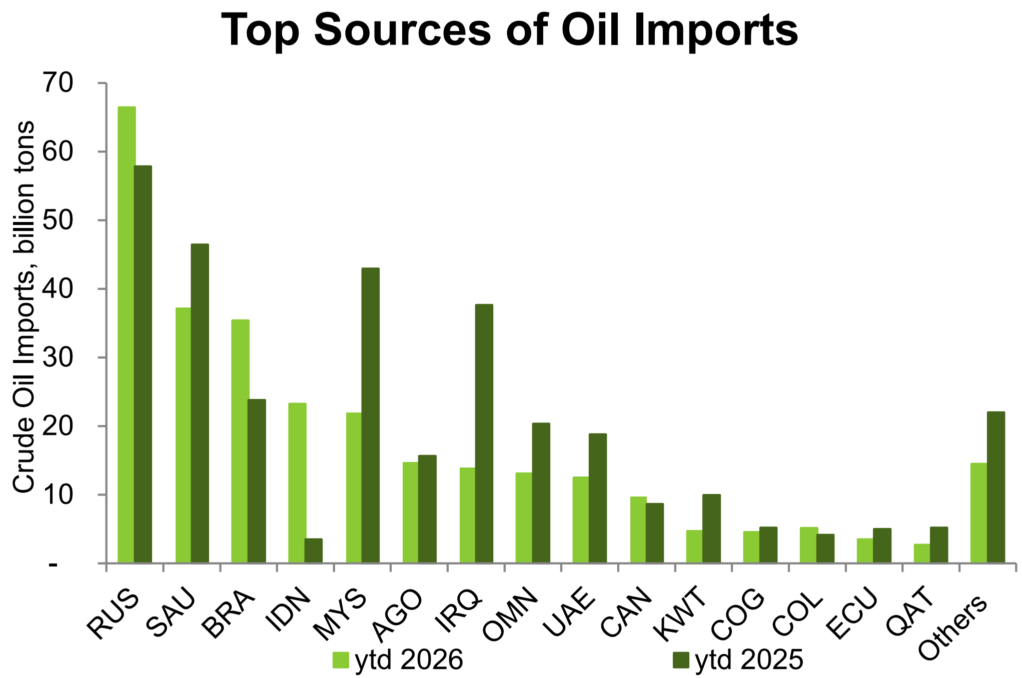




Source: CEIC,, SEB Research

# Iran war lowered China's oil imports

## Beijing swiftly changed energy sourcing strategy

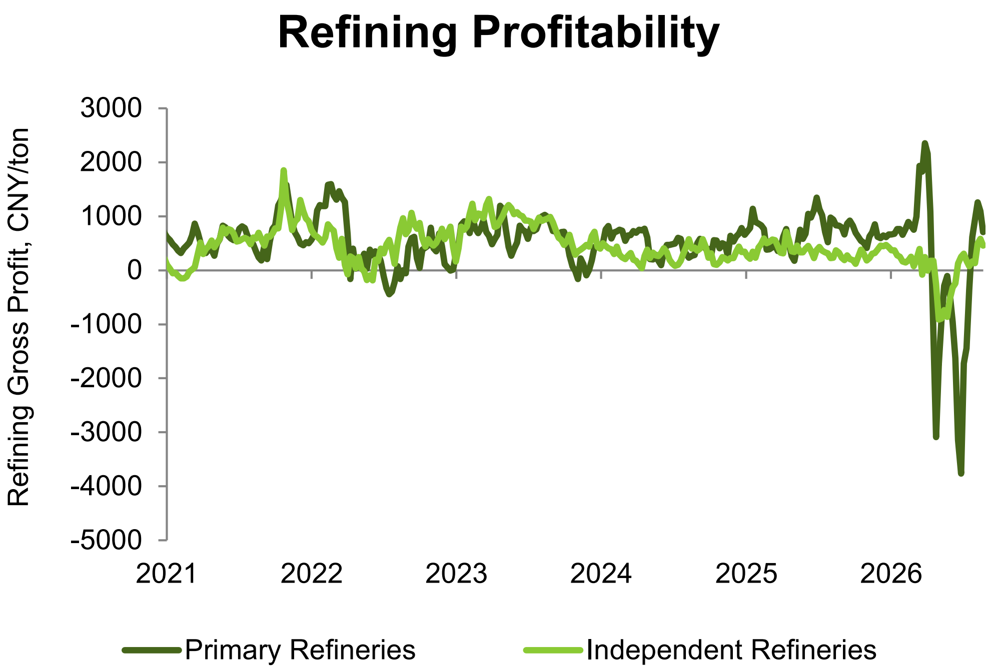


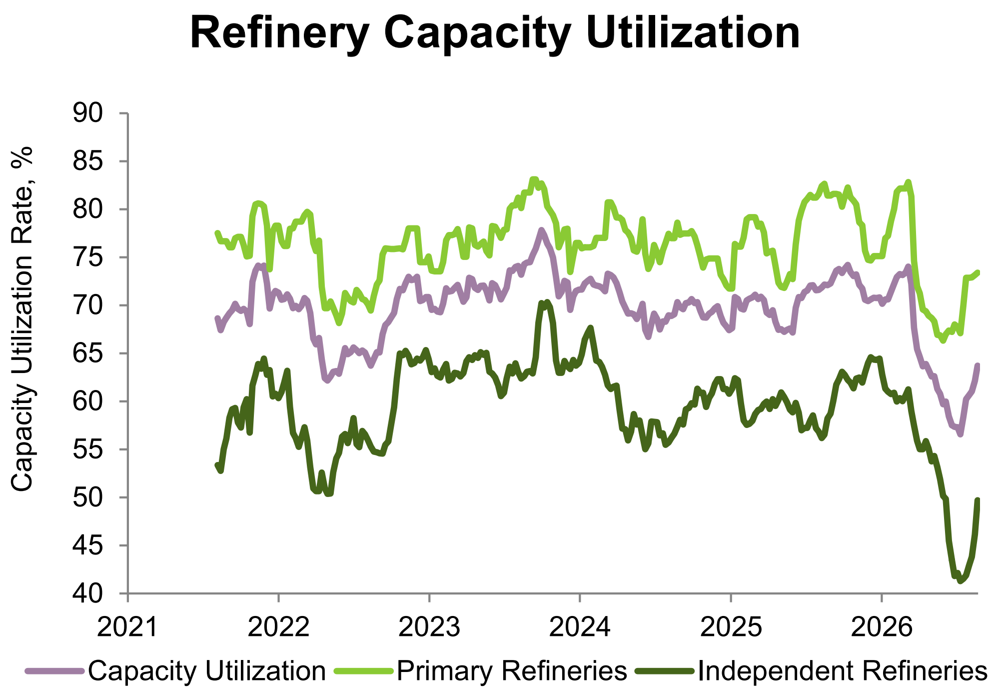




Source: CEIC,, SEB Research

# Lower oil prices will raise refining activity... and imports

## Profitability for oil refining has returned

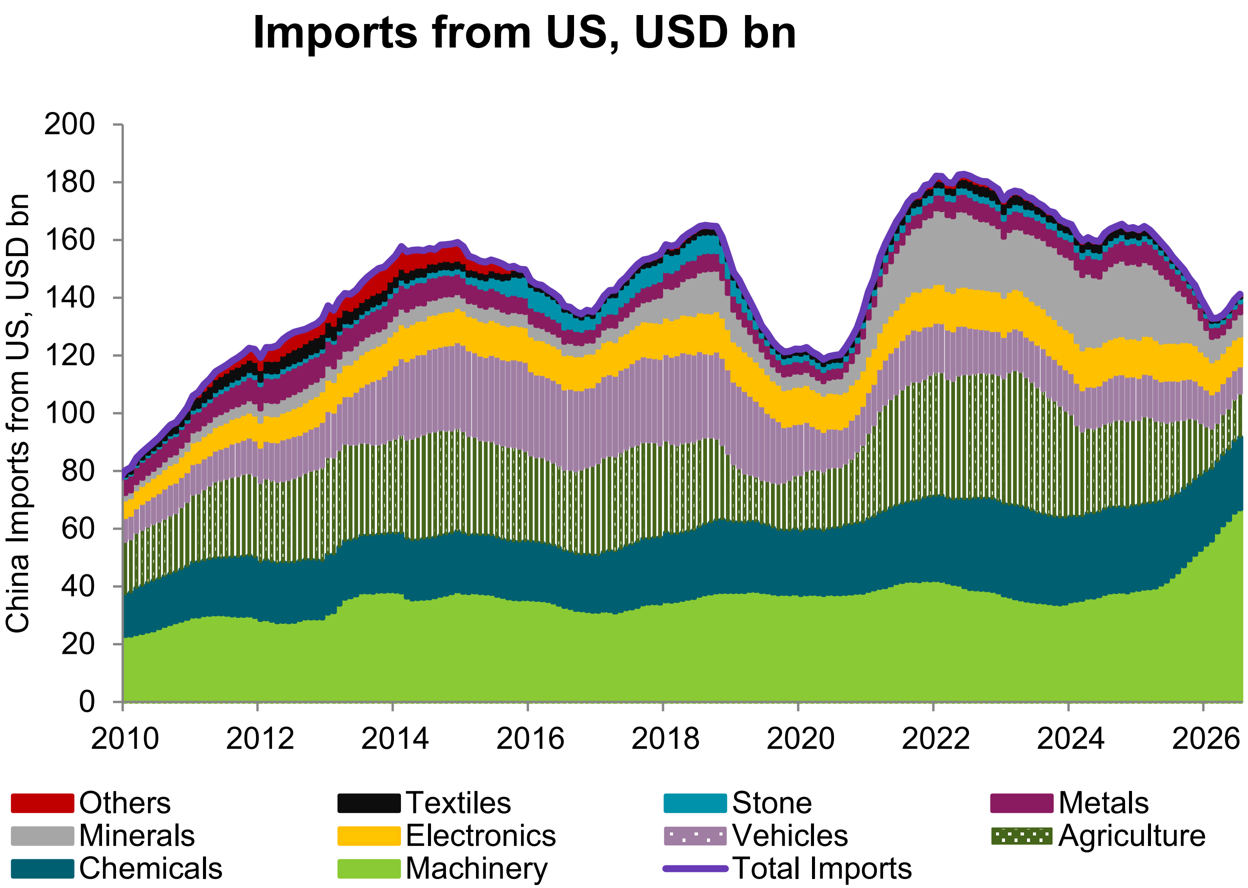



Source: CEIC,, SEB Research

# Xi-Trump summit in September to keep relations stable

## Will Iran be a breaking point?

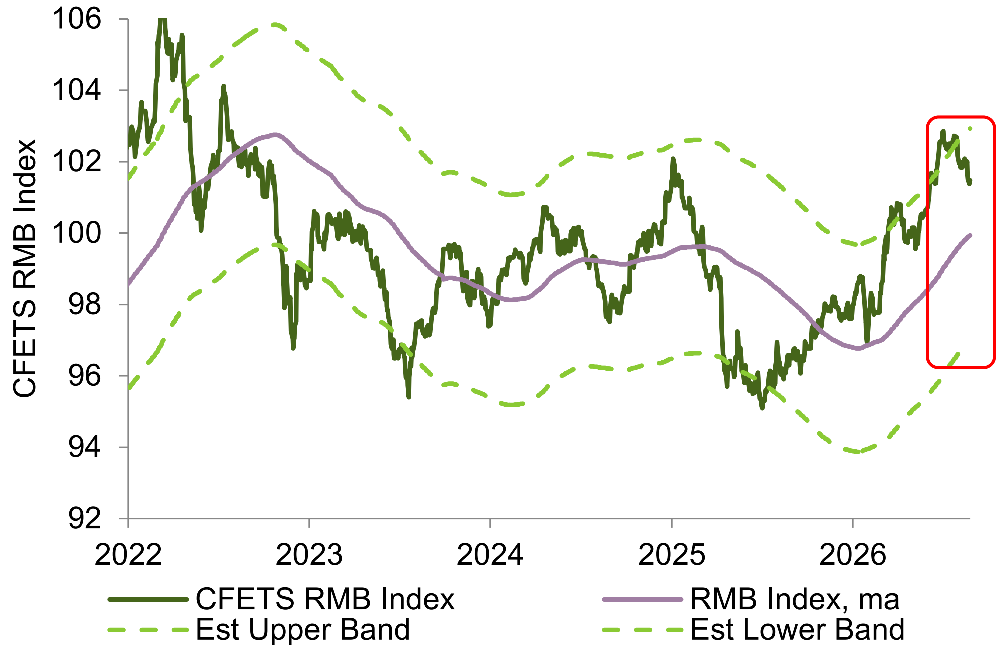



Source: CEIC,, SEB Research

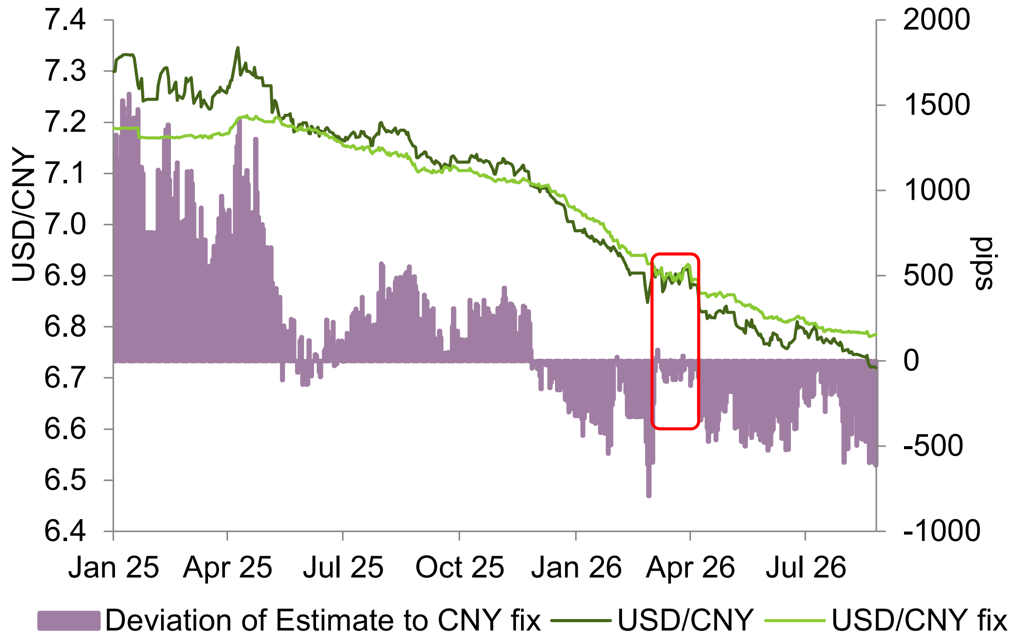
# USD/CNY will crawl to 6.60 by end-2026

## Daily fixing shows preference for slow yuan appreciation

**CFETS RMB Index**




**CNY Fixing vs Spot USD/CNY**



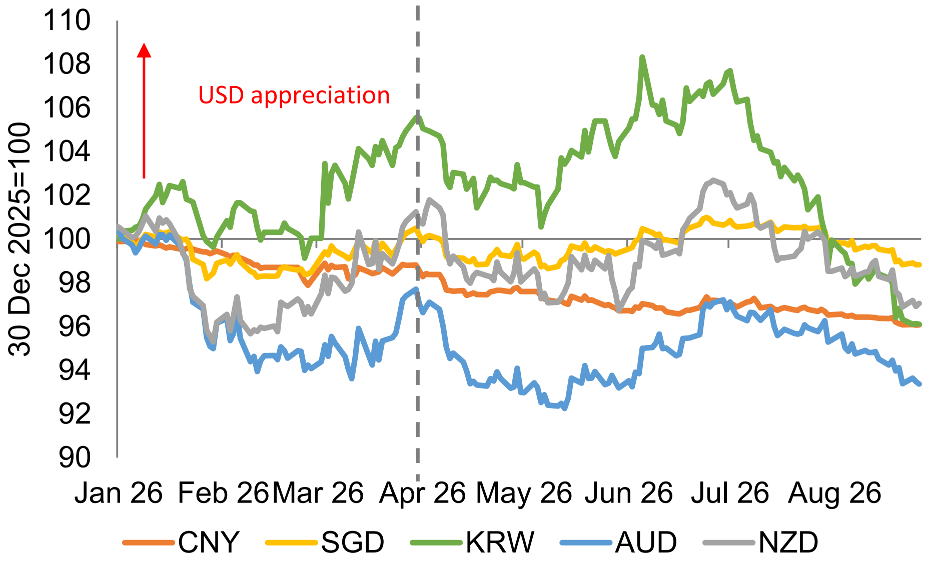

Source: Bloomberg, SEB Research

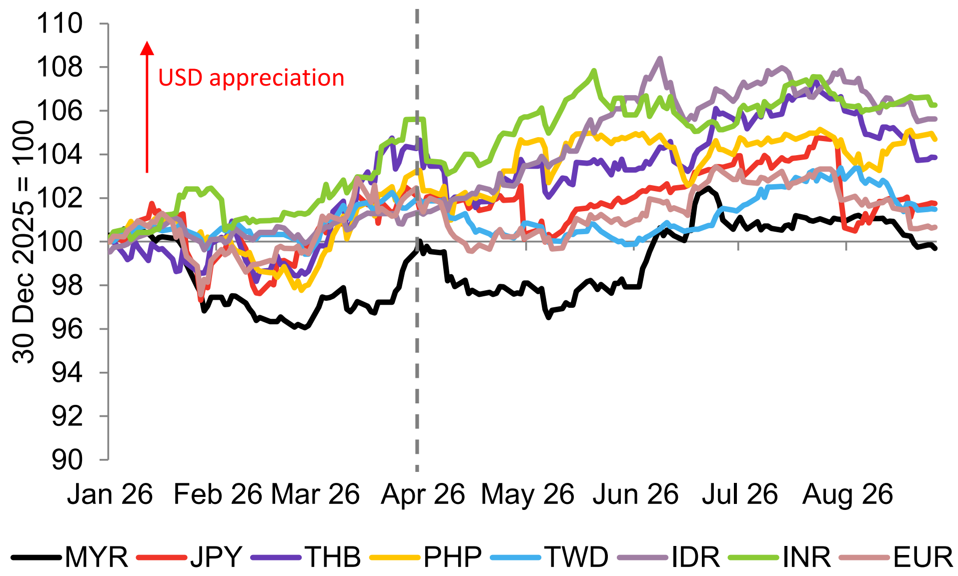
# Asia FX has mostly appreciated since June

## But domestic issues are still dominating in IDR, PHP, and INR

**USD/Asia**

As of 25 Aug2026



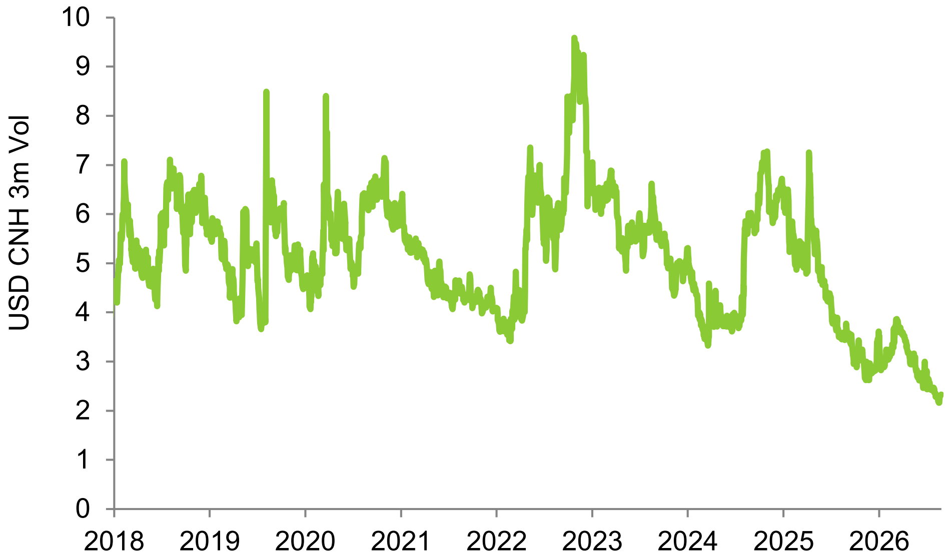




Source: Bloomberg, SEB Research

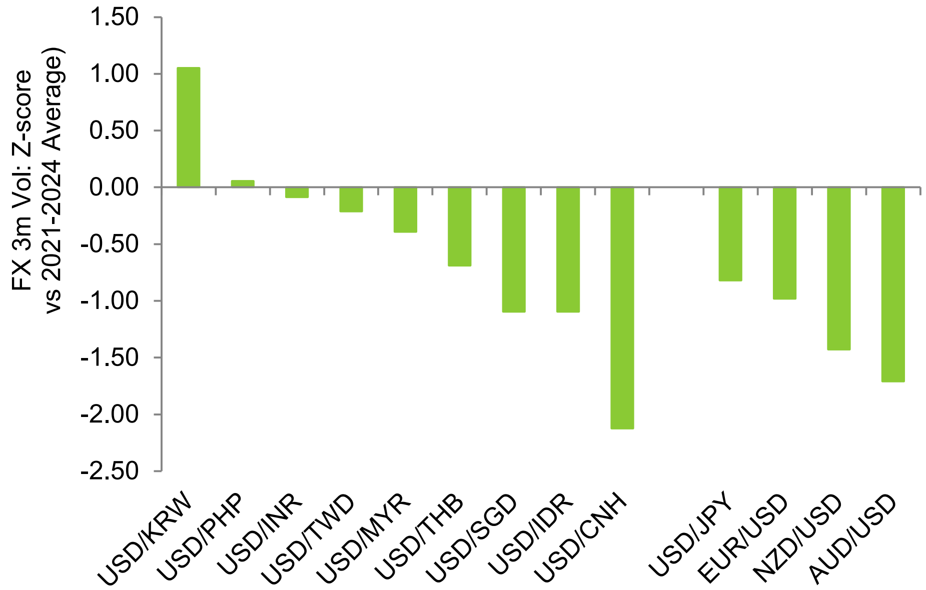
# Most FX volatility has been low this year

## Low USD/CNH vol is due to policy and market outcome

**CNH 3m Vol**
As of 26 Aug2026




**Selected FX 3m Vol, Standardized**
As of 26 Aug2026



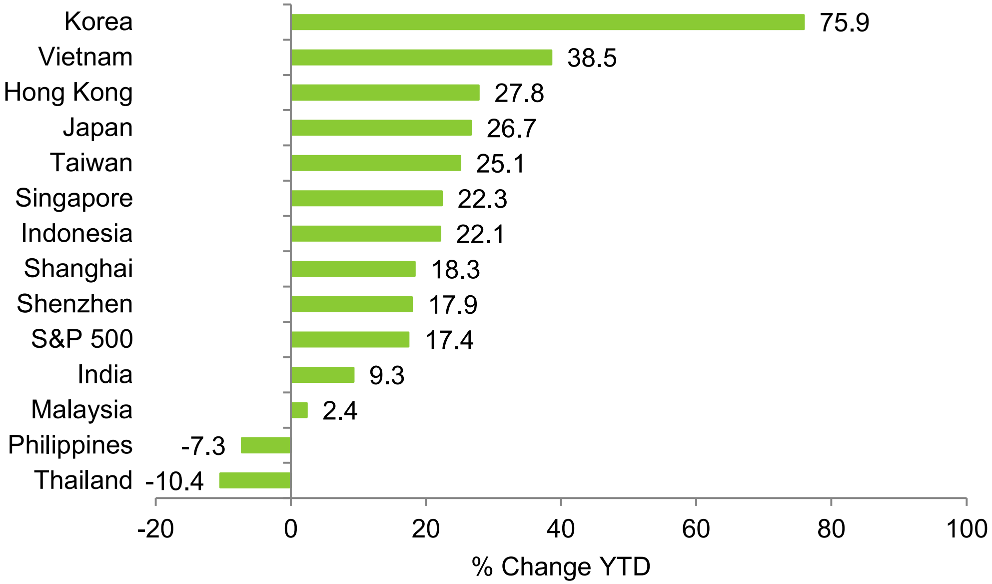

Source: Bloomberg, SEB Research

# Despite swings in AI sentiment, Korea and Taiwan still lead

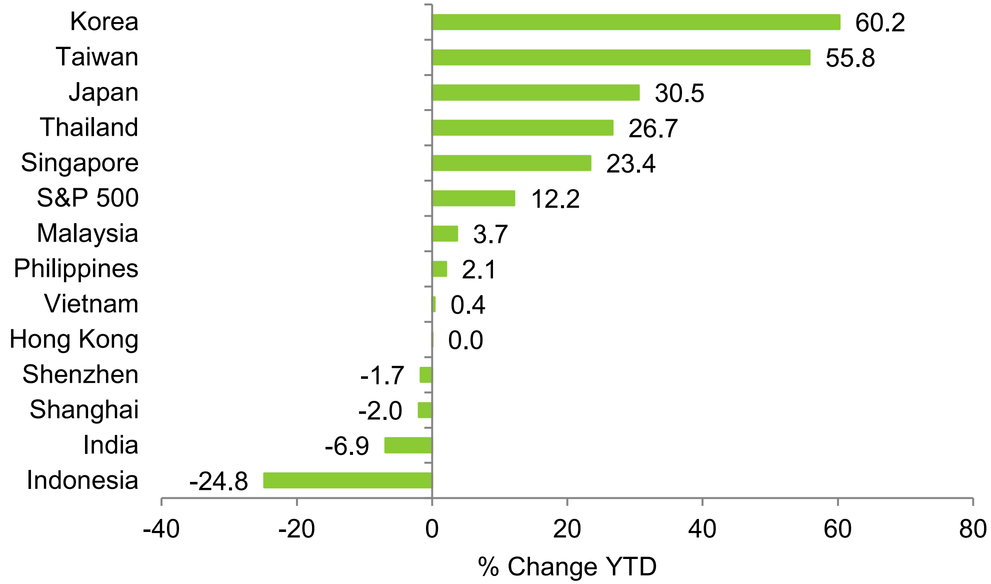
## South and South East Asia equities are not benefitting much

**Equity Performance**

**2025**




**Ytd as of 25 August 2026**




Source: CEIC, SEB Research

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## Conclusions

- Unprecedented surge in electronics exports provide offset to risks due to Iran war.

- Severe El Niño shifts risks to inflation shift to food from energy.

- China's growth is weakening. But Beijing will still do "just enough" policy support. USD/CNY will crawl to 6.60 by end-2026.

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# Thank you

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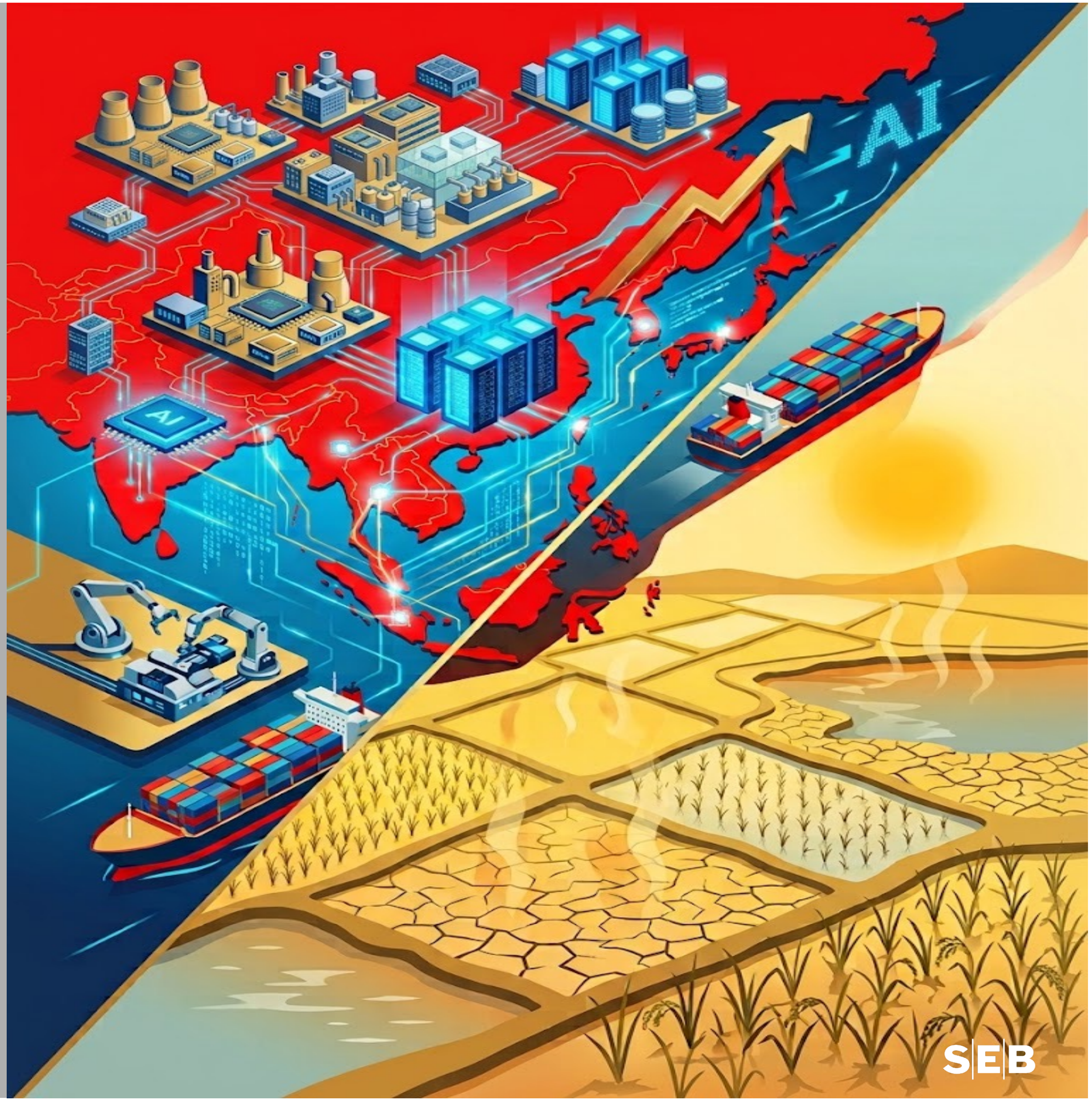

# Forecasts- GDP

| Real GDP, % y/y | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** |
| China | 3.2 | 5.4 | 5.0 | 5.0 | 4.6 | **4.5** | **4.4** |
| India** | 7.0 | 6.8 | 7.2 | 7.5 | 6.8 | **6.9** | **6.8** |
| Indonesia | 5.3 | 5.0 | 5.0 | 5.1 | 5.1 | **5.0** | **5.1** |
| Malaysia | 9.0 | 3.6 | 5.2 | 5.2 | 4.2 | **4.6** | **4.9** |
| Philippines | 7.6 | 5.5 | 5.7 | 4.5 | 3.0 | **4.8** | **4.7** |
| Singapore | 4.0 | 1.4 | 5.3 | 5.0 | 5.2 | **2.8** | **2.5** |
| South Korea | 2.9 | 1.5 | 2.2 | 1.1 | 3.5 | **2.4** | **2.0** |
| Thailand | 2.7 | 2.2 | 3.0 | 2.4 | 2.3 | **2.0** | **2.5** |
| Australia | 4.2 | 2.1 | 1.0 | 2.0 | 1.9 | **1.7** | **2.0** |
| New Zealand | 3.3 | 2.1 | -0.3 | 0.7 | 1.9 | **2.4** | **2.8** |
| Eurozone | 3.8 | 0.6 | 1.0 | 1.3 | 0.9 | **1.3** | **1.5** |
| US | 2.5 | 2.9 | 2.8 | 2.1 | 2.2 | **2.1** | **2.1** |
| Japan | 1.3 | 0.7 | -0.2 | 1.1 | 0.8 | **0.7** | **0.7** |

** India GDP indicates growth for the calendar year.



Source: CEIC, Bloomberg, SEB

# Forecasts- CPI

| CPI, % y/y | | | | | | | |
|---|---|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** | **2026** | **2027** | **2028** |
| China | 2.0 | 0.2 | 0.2 | 0.1 | 1.1 | **1.2** | **1.5** |
| India | 6.7 | 5.7 | 5.0 | 2.2 | 4.1 | **4.3** | **4.4** |
| Indonesia | 4.1 | 3.7 | 2.3 | 1.9 | 3.4 | **2.9** | **2.8** |
| Malaysia | 3.4 | 2.5 | 1.8 | 1.4 | 2.2 | **2.5** | **2.0** |
| Philippines | 5.8 | 6.0 | 3.2 | 1.7 | 5.7 | **4.1** | **3.0** |
| Singapore | 6.1 | 4.9 | 2.4 | 0.9 | 2.2 | **2.0** | **1.7** |
| South Korea | 5.1 | 3.6 | 2.3 | 2.1 | 2.7 | **2.3** | **2.0** |
| Thailand | 6.1 | 1.3 | 0.4 | -0.1 | 2.5 | **1.5** | **1.1** |
| Australia | 6.4 | 5.5 | 3.0 | 2.9 | 4.0 | **2.9** | **2.5** |
| New Zealand | 7.2 | 5.7 | 2.9 | 2.8 | 3.5 | **2.3** | **2.0** |
| Eurozone | 8.4 | 5.5 | 2.4 | 2.1 | 2.8 | **2.0** | **1.6** |
| US | 8.0 | 4.1 | 3.0 | 2.7 | 3.2 | **2.1** | **2.2** |
| Japan | 2.5 | 3.3 | 2.7 | 3.2 | 1.7 | **2.1** | **2.2** |



Source: CEIC, Bloomberg, SEB

# Forecasts

| | Current | Policy Rate Forecasts | | | | | |
|---|---|---|---|---|---|---|---|
| | 26 Aug 26 | Sept 26 | Dec 26 | Mar 27 | Jun 27 | Sept 27 | Dec 27 |
| China 1Y LPR | 3.00 | **3.00** | **2.90** | **2.90** | **2.90** | **2.90** | **2.90** |
| China 7d RRP | 1.40 | **1.40** | **1.30** | **1.30** | **1.30** | **1.30** | **1.30** |
| China RRR | 9.00 | **9.00** | **9.00** | **9.00** | **9.00** | **9.00** | **9.00** |
| India | 5.25 | **5.25** | **5.75** | **5.75** | **5.75** | **5.75** | **5.75** |
| Indonesia | 5.75 | **5.75** | **6.00** | **6.00** | **6.00** | **6.00** | **6.00** |
| Malaysia | 2.75 | **2.75** | **2.75** | **3.00** | **3.00** | **3.00** | **3.00** |
| Philippines | 4.75 | **5.00** | **5.50** | **5.50** | **5.50** | **5.25** | **5.00** |
| South Korea | 2.75 | **3.00** | **3.25** | **3.25** | **3.25** | **3.25** | **3.25** |
| Thailand | 1.00 | **1.00** | **1.25** | **1.25** | **1.25** | **1.25** | **1.25** |
| Australia | 4.35 | **4.60** | **4.60** | **4.60** | **4.60** | **4.35** | **4.10** |
| New Zealand | 2.50 | **2.75** | **3.00** | **3.00** | **3.00** | **3.00** | **3.00** |
| Euro Zone | 2.25 | **2.50** | **2.50** | **2.50** | **2.50** | **2.50** | **2.50** |
| US | 3.75 | **3.75** | **3.75** | **3.75** | **3.75** | **3.50** | **3.50** |
| Japan | 1.00 | **1.25** | **1.25** | **1.50** | **1.50** | **1.50** | **1.50** |

SEB



Source: CEIC, Bloomberg, SEB

# Forecasts

| | Current | FX Rate Forecasts | | | | | |
|---|---|---|---|---|---|---|---|
| | 26 Aug 26 | Sept 26 | Dec 26 | Mar 27 | Jun 27 | Sept 27 | Dec 27 |
| USD/CNY | 6.72 | **6.70** | **6.60** | **6.55** | **6.50** | **6.50** | **6.45** |
| USD/CNH | 6.72 | **6.70** | **6.60** | **6.55** | **6.50** | **6.50** | **6.45** |
| USD/INR | 95.42 | **95.7** | **96.0** | **95.6** | **95.3** | **94.9** | **94.5** |
| USD/IDR | 17,712 | **17,900** | **17,800** | **17,700** | **17,600** | **17,500** | **17,400** |
| USD/MYR | 4.03 | **4.05** | **4.00** | **3.85** | **3.85** | **3.80** | **3.80** |
| USD/PHP | 61.63 | **61.80** | **62.00** | **61.80** | **61.60** | **61.50** | **61.50** |
| USD/SGD | 1.270 | **1.270** | **1.260** | **1.258** | **1.255** | **1.253** | **1.250** |
| USD/KRW | 1,385 | **1,420** | **1,400** | **1,388** | **1,375** | **1,363** | **1,350** |
| USD/THB | 32.76 | **33.00** | **32.50** | **32.00** | **31.50** | **31.25** | **31.00** |
| AUD/USD | 0.72 | **0.72** | **0.72** | **0.73** | **0.73** | **0.74** | **0.74** |
| NZD/USD | 0.60 | **0.59** | **0.60** | **0.61** | **0.61** | **0.62** | **0.62** |
| EUR/USD | 1.17 | **1.16** | **1.17** | **1.18** | **1.19** | **1.20** | **1.20** |
| USD/JPY | 159 | **158** | **157** | **156** | **155** | **154** | **153** |

Source: CEIC, Bloomberg, SEB

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